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Employee Relations

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Employee Relations

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Employee Relations and the Employment Relationship

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Learning Objectives

After studying this module you will be able to:

- discuss the main differences of view as to the subject matter of both employee and industrial relations and the differences between them;
- identify the relevance of contexts to the employment relationship;
- explain the concept and relevance of a psychological contract;
- analyse the employment relationship in terms of the form of power available to employers and the nature of employee involvement;
- examine the nature of the employment relationship in terms of compliance or commitment;
- distinguish between the notions of employee involvement and commitment;
- demonstrate the significance of perspective to our understanding of the employment relationship;
- decide whether you think the employment relationship is essentially a conflictual one;
- examine the meaning of quality in employee relations and explain the relevance of perspective;
- discuss the appropriateness of the many possible indicators of the quality of employee relations and the relevance of perspective;
- critically examine the notion of an industrial relations system.

1.1 Introduction

'Employee relations' is a term that has become commonly used only in relatively recent years to indicate a particular area of subject matter. Prior to this it is likely that you would have found the term 'industrial relations' in more common use. The question of whether there are genuine differences attached to the meanings and uses of these two terms forms part of the discussion in this first module. Also we examine briefly the issues of the nature of the employment relationship, whether it is characterised by conflict or consensus, the significance of perspective and the relevance of expectations, interests and the notion of a psychological contract. You are also introduced to the questions of what constitutes good industrial or employee relations, what quality means, what it looks like and, perhaps even more relevant, whether we can actually measure it in any meaningful sense. The relevance of perspective to that debate is also illustrated. Finally in this first module, we introduce the notion of an industrial relations system and its limitations as a theory of industrial relations, and, in this context, outline a framework that centres upon the employment relationship and also provides an explanation for the structure and contents of this book.

1.2 Definitions of Employee Relations

There are debates and differences of view as to the meaning of each of the two terms, employee and industrial relations. Some people argue that there are identifiable differences between them, that there are differences of a substantive nature sufficient to justify the use and maintenance of each term, while others argue that the concepts and phenomena described are to all intents and purposes interchangeable.

Blyton and Turnbull (1994: 7–9) discuss this in explaining why they have chosen to use the term 'employee' as opposed to 'industrial'. They begin by arguing that they see no hard and fast distinction between the two, the difference being in the tendency of each to focus the subject inside different boundaries, but in reviewing various contributions to the debate they do state some of the more common views.

They point out that **industrial relations**:

- became inevitably associated with trade unions, collective bargaining and industrial action;
- had too strong a tendency to view the world of work as synonymous with the heavy extractive and manufacturing sectors of employment, sectors that were dominated by male manual workers working full-time and that are now in decline in nearly all developed economies.

Using the term **employee relations**, they say, enables them to adopt a broader canvas and to:

- encompass the now-dominant service sector, which in many developed countries now employs more than 70 per cent of the workforce, and the changes in the composition of the labour force such as more women working and more part-time, temporary and fixed-term contracts;
- include non-union as well as union scenarios and relationships.

Nevertheless, Blyton and Turnbull do not go as far as some others in that they choose to continue to focus their study of employee relations upon the **collective** aspects of the employment relationship. They suggest that in this they are maintaining a distinction between employee relations and other areas of study – namely, personnel management and human resource management, each of which, they suggest, focuses upon the individual as opposed to the collective elements of the relationship.

Marchington and Wilkinson (1996) also discuss this 'difference' and they suggest that the term employee relations has emerged for three main reasons.

1. The term has come to the fore through usage, fashion and slippage.
2. It is increasingly used by personnel practitioners to describe that part of personnel and development concerned with the regulation of relations (collective and individual) between employer and employee.
3. There are actual and real differences of focus, with employee relations tending to focus upon management and management issues alone and on contemporary rather than historical practices; the way things are as opposed to the way things were.

Marchington and Wilkinson have chosen to use the term employee relations principally for the second of these three reasons, though they also acknowledge that they use the terms interchangeably.

A comparison of these two views indicates that both seek to argue that use of the term **employee relations** makes it easier to encompass change in the employment relationship, its environment and in the make-up of the labour force, and both explanations would appear to allow the term to encompass union and non-union relations.

However, where Blyton and Turnbull are keen to maintain a collective focus and see this as the basis of a continuing distinction between employee relations and both personnel and human resource management in which, they suggest, the focus is upon the individual and the individual employment relationship, Marchington and Wilkinson see employee relations encompassing both individual and collective relations.

Another point of difference is that Marchington and Wilkinson seem to endow the term employee relations with a managerial focus, suggesting as they do that there is a tendency for the subject matter of employee relations to be dominated by a concern with managerial issues and a managerial perspective rather than being concerned with all parties and interests in the employment relationship.

Arguably, another point of similarity is that both views tend to see employee relations as a wider concept than industrial relations, with the former able to encompass the latter.

The managerial focus identified by Marchington and Wilkinson is also adopted by Gennard and Judge (2002) in their text for the Chartered Institute of Personnel and Development, the professional body for personnel and HRM practitioners in the UK. In seeking to explain the concept of employee relations they state the following:

> Employee relations is a study of the rules, regulations and agreements by which employees are managed both as individuals and as a collective group, the priority given to the individual as opposed to the collective relationship varying from company to company depending upon the values of management. As such it is concerned with how to gain people's commitment to the achievement of an organisation's business goals and objectives in a number of different situations…

Here we have the subject matter being defined to include both collective and individual dimensions of the employment relationship, a managerial focus is adopted and they go further and spell out what they perceive to be the purpose or objective of management in its dealings with both individuals and collectives. They also suggest that it is management that determines the priority given to the individual or collective relationship.

What is clear from this brief discussion of a number of different definitions and perspectives is that it is the employment relationship that is at the core or heart of the subject. In this text we use the term to encompass both individual and collective dimensions, union and non-union relationships, the changing nature of work and the employment relationship, and the wider contexts within which the employment relationship occurs. We do not take a managerial perspective or standpoint but do examine the management of employee relations.

1.3 The Employment Relationship

In this section we examine some of the more important issues and debates surrounding the employment relationship. In particular we examine the concept of a psychological contract, the importance of values, the interests of the parties and the extent to which the employment relationship is characterised by compliance or commitment, conflict and/or cooperation, the relevance of perspective and the notion of control of the labour process.

No employment relationship occurs in a vacuum and it is important to realise that there is a range of contexts within which it occurs and which, to varying degrees, impinge upon the relationship. One of these is the legal context, and at the level of the individual there is a legally enforceable contract between employee and employer. It has also been suggested that the employment relationship can be perceived as a psychological contract.

1.4   A Psychological Contract?

Schein (1988) is largely responsible for this notion of a psychological contract and his suggestion was that between employer and employee there exists an implicit contractual relationship which is derived from a series of assumptions on the part of employer and employee about the nature of their relationship. These assumptions may not be legally enforceable but they constitute a set of reciprocal arrangements and form the basis for a series of expectations that may have a considerable degree of moral force.

The main assumptions are that:

- employees will be treated fairly and honestly;
- the relationship will be characterised by a concern for equity and justice and this will require the communication of sufficient information about changes and developments;
- employee loyalty to the employer will be reciprocated with a degree of employment and job security; and
- employees' input will be recognised and valued by the employer.

Underlying this notion of a psychological contract we can also detect assumptions about what people look for in terms of returns and satisfactions from work and, indeed, there is an element of prescription in that Schein can be interpreted as specifying the way in which employees should be treated.

In this particular instance it is pretty clear that these underlying assumptions are essentially consistent with the sets of individual needs identified many years ago by American researchers such as Roethlisberger and Dickson (1939), Maslow (1943) and Herzberg (1966), and which encompass equity and justice, security and safety, recognition of worth and input, and self-fulfillment. This model of a psychological contract, where fulfilled, provided the means for employees to derive intrinsic as well as extrinsic satisfactions and rewards from their work.

The notion of a psychological contract has been extended in recent years to encompass a wider range of expectations of both parties to the relationship; these, to some extent, can be perceived not only as expectations but also as the respective interests of the parties.

Gennard and Judge (2002), in discussing the psychological contract and employees' and employers' interests, suggest that, in addition to a reward package representing the monetary and extrinsic aspect of the relationship, employees may have the following expectations:

- security of employment
- social relations and sociable atmosphere
- potential for advancement
- access to training and development
- to be treated as a human being rather than as a commodity
- job satisfaction and empowerment regarding their job
- family-friendly work–life balance conditions of work

- fair and consistent treatment
- some influence over their day-to-day operations but also at a policy level (often the term 'voice' is used in this context).

They also suggest that, in return for the reward package offered, employers have the following implicit expectations of employees:

- functional, task flexibility
- minimum standards of competence
- a willingness to change
- ability to work as a member of a team
- commitment to achieving organisational objectives
- capability to take initiative
- the talent to give discretionary effort.

As noted above, this set of mutual expectations, which are implicit in nature, plus the issue of monetary reward, can be seen to be indicative of the differences of interests between employer and employee.

The question of whether employees and employers have common or mutual interests is fundamental to the subject matter of the perspectives section later in this module. However, the issue is one over which there is debate and disagreement, generally those adopting a managerial focus or whose interests are managerial tending to argue that employers and employees have a self-enlightened and mutual interest – at least in reconciling their differences. Gennard and Judge argue that there are obvious costs of failure to both parties which can be simplified as: organisations won't make profit, won't be successful and employees won't have a job or income.

Blyton and Turnbull (2004) take the alternative view and argue that the interdependence of labour and capital should not be mistaken for common interests and they also suggest that common interests cannot be assumed, or willed, or managed into existence.

In addition, examining this concept of a psychological contract also brings home the importance of values in and to the employment relationship. Equity, justice, dignity and trust are among the values often argued to be fundamental to the effectiveness of the employment relationship and to the achievement of the organisation's objectives.

There is certainly some evidence from the UK that employees do seek from work the rewards implied by the expectations forming the psychological contract, though it has to be acknowledged that the extent of the expectations is likely to vary between employees.

Whether these expectations are being satisfied has been the subject of much research activity. For example Guest and Conway (1999) found that the psychological contract remained healthy, with about two-thirds of those surveyed feeling that their employers had substantially kept their promises and commitments to them.

The 1998 Workplace Employee Relations Survey (WERS) (see Cully *et al.*, 1998) addressed this issue as part of an attempt to ascertain the extent to which employees

in the UK were satisfied with their job/work. They compiled a measure of job satisfaction which took into account employees' satisfaction with four different components of their overall reward package incorporating both intrinsic and extrinsic factors. The intrinsic factors can be seen to reflect components of the psychological contract above and consist of:

- influence (the level of autonomy and control) over the job;
- a sense of achievement derived from meeting the challenge presented by work; and
- respect from managers in terms of recognition for a job well done.

The fourth component of the measure was pay.

The conclusions of the researchers were that, overall, a majority of employees were satisfied (54 per cent); however:

- employees tended to be least satisfied with pay;
- managers tended to be more satisfied than other occupational groups;
- older workers tended to be more satisfied than younger workers; and
- part-time workers were more satisfied than full-time workers.

The researchers comment that 'a significant minority of employees feel that the overall deal they have – their implicit or psychological contract – is a poor one'. Other findings relevant to this concept are that 65 per cent of the employees surveyed said they felt a loyalty to the organisation that they worked for and job satisfaction levels appear to be positively associated with employees feeling that they are consulted about change in the workplace. They also found a positive association between job satisfaction and employee commitment.

The WERS 2004 also pursued the question of job satisfaction and used a wider range of criteria or expectations, again incorporating both intrinsic and extrinsic components of the overall reward package.

Table 1.1   **Job satisfaction**

	Percentage of employees				
	Very satisfied	**Satisfied**	**Neither**	**Dissatisfied**	**Very dissatisfied**
Sense of achievement	18	52	19	8	3
Scope for using initiative	20	52	18	8	3
Influence over job	12	45	28	11	3
Training	11	40	26	16	7
Pay	4	31	24	28	13
Job security	13	50	22	11	5
Work itself	17	55	19	7	3
Involvement in decision-making	8	30	39	17	6

Base: All employees in workplaces with 10 or more employees. Figures are weighted and based on responses from at least 21 024 employees.
Source: Kersley *et al.*, 2005 (Crown copyright).

The survey authors report that employee job satisfaction varied markedly across the eight items, being highest with respect to 'the work itself', 'scope for using own initiative' and 'sense of achievement'. It was lowest in respect of 'involvement in decision-making' and pay. The other items were: training, job security and influence over the job.

They also report that 27 per cent of employees were 'satisfied' or 'very satisfied' on seven or eight items, 23 per cent were satisfied on less than three items, while 51 per cent expressed a mixture of satisfaction and dissatisfaction across the eight measures.

As noted above, three of the job satisfaction questions were also asked in 1998 – those relating to influence, pay and sense of achievement. Whilst satisfaction with influence and pay has remained unchanged since 1998, there has been an increase in the percentage of workers satisfied with the sense of achievement they get from work (from 64 per cent in 1998 to 70 per cent in 2004).

The WERS 2004 findings demonstrate that a majority of the respondents were satisfied with the rewards received in relation to their expectations regarding six out of the eight components. Observers will no doubt argue that this demonstrates that for many employees their implicit or psychological contract with their employer is healthy, they are satisfied and this implies that their expectations are being met. However, as noted above, it is important that we remember that these findings tell us nothing about the level of employees' expectations.

A different perspective on these issues has been provided by research conducted for the ESRC Future of Work Programme and in particular by the Working in Britain in 2000 Survey (WIB2000S). Taylor (2002), in reviewing the evidence collected through this survey, concluded that: "Today's world of work is much less satisfying to employees than the one they were experiencing ten years ago. It has also grown more stressful for all categories of employee without exception.'

In particular, the survey found that there had been a decline in satisfaction with the hours that the employee was required to work and the amount of work that had to be accomplished. Employees were also less satisfied with their pay, job prospects and training. Taylor also comments that the findings indicate that there has been significant deterioration in employees' feelings of personal commitment to the company employing them.

1.5   Forms of Attachment, Compliance and Commitment

1.5.1   Compliance

Central to an understanding of the employment relationship is the question of employee attachment or involvement, how it is achieved and what the nature of the relationship is.

Some years ago Etzioni (1975) suggested that employees were engaged with, attached to or involved with employing organisations in a number of different ways and with differing degrees of intensity, and this still has relevance today. He used the term compliance rather than attachment and divided compliance into two elements: the form of power wielded by the employer to achieve control and the nature of the employee's involvement.

Etzioni identified three different sources and forms of power that could be utilised by employers and three different forms of involvement. The sources and forms of power were named **coercive**, **remunerative** and **normative**, and the forms of involvement were named **alienative**, **calculative** and **moral**.

- The three different forms of involvement can be perceived to represent different degrees of negative or positive feelings towards the employing organisation, with alienative the most negative and moral the most positive.
- Each form of power can in theory be combined with each form of involvement and together this provides the possibility of nine different combinations of power and involvement and nine different types of compliance.

Etzioni suggested that there were three ideal or congruent combinations of these two elements that were more effective than the others. For example, if the nature of the employee's involvement with work was essentially calculative, instrumental or extrinsic, then the ideal or matching form of power the employer should use would be remunerative. Where the nature of the employee's involvement is alienative or highly negative, the appropriate form of power may well be coercive. If the nature of the employee's involvement was highly positive or moral, meaning that they identify with or share the values and purposes of the organisation, then the ideal

form of power the employer should use would be normative, implying the allocation or withholding of symbolic rewards such as prestige and recognition.

However, these days the term 'compliance' is not perceived as encompassing a range of forms of attachment, as was the case with Etzioni's use of the term. It is used as a comparative descriptor of a form of attachment that is less positive and intense than commitment, a form of attachment commonly achieved and maintained through the administration of rules and bureaucratic controls. In this latter context compliance results in reactive behaviour and a concern with rights and rules.

1.5.2   Commitment

In terms of the Etzioni model or typology the term 'commitment' refers to moral involvement, employees positively identifying with and sharing the values and purposes of the organisation. It describes the kind of attachment we tend to associate with membership of voluntary associations or perhaps with employment in public-sector service and caring organisations such as the National Health Service, rather than with membership of the more common private-sector and profit-making employing organisations. Commitment is portrayed as an internalised belief leading to constructive proactivity by employees; it leads to employees 'going one step further' (Legge, 1995: 174).

Both here and with compliance above, assumptions are being made between forms of attachment and consequential behaviour and it may well be that the form of attachment between employees and the organisation is discernible from observable behaviour.

It has also been suggested that distinctions can sometimes be drawn between **attitudinal** and **behavioural** commitment.

Attitudinal commitment is the form depicted above and which would be compatible with Etzioni's moral involvement: commitment in terms of a sharing of values and attitudes, a psychological bond to an organisation, an affective attachment.

Behavioural commitment is demonstrated by a willingness to exert effort beyond the requirements of contract and/or by a desire to remain a member of an organisation.

It has been suggested that Japanese organisations often demonstrate employment relationships that are high-commitment, with employees demonstrating both an affective bond with the organisation and the desire to remain, a desire traditionally reciprocated by management pursuing policies of lifetime employment whereby employees are recruited direct from their studies with both the opportunity and expectation that they will spend the whole of their working lives with the one employer.

Mowday *et al.* (1982) have suggested that there may well be a reciprocal relationship between these two forms, with attitudes influencing behaviour and *vice versa*. An assumption of such a relationship underlies much of the interest in the concept of commitment in recent years. However, care is needed here in that, whilst it may be that the extra effort or desire to remain with the organisation indicates that the

individual does have positive attitudinal commitment to it, there are other possible explanations, such as there being little or no alternative employment available.

Commitment of an attitudinal nature has been at the centre of much of the prescriptive literature on human resource management (HRM) over the past few decades, from Beer *et al.* (1984) onwards, and in terms of the UK literature perhaps most famously by Guest (1987), who identified employee commitment as one of four outcomes that HRM should try to develop, but not for its own sake. Employee commitment became a desirable HRM outcome because of an assumption that attitudinal commitment would yield certain specified and desirable behaviours and, through these, certain desirable organisational outcomes, such as better quality of product or service, or lower labour turnover, or greater efficiency. These issues are examined in more depth in Module 8.

Employers have been exhorted by academics, popular and otherwise, and by politicians to pursue measures and policies aimed at securing this commitment and, in their turn, employers have exhorted their employees to take on and share the organisation's objectives and values, often emphasising as they did so their view that employee and employer interests were essentially the same. On this issue, we noted earlier the views of Gennard and Judge, who see securing employee commitment as the purpose of the management of employee relations, though they do not refer to attitudinal commitment as such. They refer to a commitment to the achievement of the organisation's objectives rather than to the objectives themselves. Alternative perceptions of the nature of the employment relationship and the realism of this view are pursued in the following sections on conflict and perspective.

It is not difficult to perceive the attractions to management of this concept. Implicit in this attractiveness is an assumed relationship between commitment and desired behaviours and, in particular, that committed employees will work harder, be more productive and innovative and exhibit a greater concern with the quality of their output and customer satisfaction. These assumptions also underlie much of the clamour from employers and politicians in recent years for employees to be more involved in their organisations.

Unfortunately we have further confusion around the meanings attached to words. The use of the word 'involvement' here does not denote a range of forms of attachment on the part of employees, as was the case in the Etzioni typology. Here, the term is used more narrowly to describe initiatives and techniques that make the employee feel more a part of the organisation, as for example might be achieved by and through effective communications policies or through the organisation of social events and clubs.

Employee involvement (EI) initiatives have become popular in the UK, primarily because it is assumed that EI initiatives will encourage employees to be more content and satisfied in their work; it is assumed that this will yield employee commitment, and satisfied and committed employees are harder working etc. In the context of the pressures for organisations to be more productive and competitive, and if you believe that helping employees to feel more a part of the organisation will encourage them to work harder, then such initiatives are justified.

In addition to commitment being a prescribed desirable outcome of the softer HRM models, there has been much debate about how it is to be achieved (see Module 8). There is a degree of coincidence between measures thought to enhance employee satisfaction, involvement and commitment; in other words, the same measures hopefully will achieve all of these objectives. Examples include team working, team briefing, quality circles and problem-solving groups, the advent of development-led appraisal, multi-skilling and job rotation, enlargement and enrichment programmes. The increased frequency and incidence of practices of this kind have often implied and required changes in the way that employees are managed, the mechanisms used, the way work is organised and, consequently, the nature of the employment relationship.

In Modules 2 and 8 we come across many of these initiatives and innovations again. In Module 2 we examine the nature of work and work organisation and in Module 8 we examine employee involvement initiatives and the pursuit of employee commitment.

However, the popularity of these initiatives among management seems to have occurred in the absence of conclusive evidence of the relationships between involvement, commitment and improved performance that have been assumed.

The 1998 WERS findings confirmed that many organisations say they are using a range of the techniques and programmes commonly seen as encouraging employee involvement (and thereby commitment) and, as was noted earlier, there was evidence that a majority of employee respondents expressed themselves both satisfied and committed. The findings lent support to a belief in an association between the measures designed to engender employee commitment and levels of job satisfaction but not to the belief that satisfied workers are more productive.

In the WERS 1998 survey commitment was measured by the employees' responses to questions concerned with whether they shared the goals and values of the organisation, their sense of loyalty to the employer and whether they were proud to tell people who they worked for. Referring back again to the Etzioni typology, the notion of commitment pursued by the WERS research seems to be attitudinal and close to the notion of moral involvement, the sharing of objectives and values.

The ESRC Working in Britain in 2000 Survey also examined the issue of employee commitment. There are similarities with the WERS questions in that the respondents were asked to agree or disagree with four different statements. The first of these was concerned to test employee pride in the organisation they worked for, another tested willingness to go beyond contract and the other two were concerned with the respondents' desire to stay with the organisation. Arguably, this survey demonstrates an interest in behavioural more than attitudinal commitment and these differences of focus between the two major surveys may go some way towards explaining differences in outcomes, as noted earlier. Taylor's conclusion in relation to the evidence of this survey was that there had been little advance in any sense of organisational commitment by workers.

It is worth pointing out that some of the literature treats the terms 'employee involvement' and 'employee participation' synonymously, whereas others insist

upon a conceptual difference, and we return to this in Module 9 concerning employee relations processes.

Activity 1.1

Re-read the material concerned with Etzioni's typology and then apply it to some of your own experiences. Think of some of the organisations (not necessarily work organisations) to which you have been or are attached and try to identify in your own mind the nature of the compliance relationship in each case. Try also to decide whether the form of compliance is one of those that Etzioni argued were congruent and effective.

1.6   Conflict, Cooperation and Perspectives

In addition to the debates referred to above about the nature of the employment relationship in terms of forms of attachment and the means by which management achieves control, there has also been considerable debate about the extent to which the fundamental nature of the employment relationship is one of, and is characterised by, conflict or cooperation and indeed what the fundamental conflicts may be about. Central to this debate is the issue of perspective, or frame of reference.

Students should be aware that conflict in this context refers to difference and is not to be regarded as synonymous with or be confused with industrial action. Often, in the media and elsewhere, the term 'industrial conflict' is used as an alternative description for strikes and other industrial action; this is not the intention here. Industrial action is unlikely unless there is conflict and so it is reasonable to view such action as a symptom of conflict, but conflict exists in many situations without it resulting in industrial action and there are many other potential symptoms such as poor performance, absenteeism, high stress and anxiety levels, and labour turnover.

Students also often have difficulty with this notion of **perspective** and tend to confuse it with a system or form of organisation so that, for example, they talk and write about 'unitaristic' organisations. It is important to appreciate that a perspective is an approach or way of looking at something, not the thing itself. We each have values and views and these have been determined through the process of socialisation and informed by our experience. The perspective that we each have will mean that we approach issues, concepts and events with a particular orientation that will influence our interpretation and understanding of what we see and experience. Our view and understanding of the nature of employing organisations and the employment relationship will be subject to these influences.

Fox (1966) used the term 'frame of reference' and this may help in enabling you to understand the nature of a perspective. Initially, Fox identified two particular and relevant frames of reference, the unitarist and pluralist. Subsequently, a third, radical or Marxist, variant has been distinguished and contrasted with the others. These are not the only perspectives on the fundamental nature of the employment relationship and on whether it is characterised by conflict: Nicholls (1999) adds a feminist perspective that perceives capitalism and employee relations in terms of patriarchy and male domination of women. However, these three main perspectives do

represent distinctly different viewpoints on these issues and are indicators of the range of potential perspectives.

1.6.1　Unitarism

This perspective perceives employing organisations as peopled by individuals and groups that have common interests, objectives and values, and that are harmonious and integrated. Management's right to manage is legitimate and rational, and management (representing the organisation and the interests of capital) should be the single focus of employee loyalty as well as the sole source of legitimate authority within the organisation. Unsurprisingly, therefore, this perspective tends to be associated with, and is often promoted by, management since it supports management's interests. Frequently this perspective has been characterised as the 'team' or 'one big happy family' approach.

From the unitarist perspective conflict between labour and management is viewed as being both unnecessary and avoidable. Where conflict does occur it is argued that this is not because it is inherent to the capitalist system or even because groups have legitimate differences between their aspirations and interests; it occurs because of poor communication, because the parties to the relationship lack understanding of the extent to which their interests are coincident, because the conflict has been deliberately created by saboteurs, or because individual personalities clash. The perspective argues that conflict is irrational and pathological and that it should not occur; if and where it does, management has the legitimate right to manage, to control, where necessary to subordinate, labour; employees owe loyalty and therefore conflict resolution ought not to be an issue.

In this context the employment relationship is likely to be perceived to be characterised by cooperation rather than by conflict, with management or other representatives of capital adopting autocratic or paternalist approaches to the exercising of their authority. Cooperation between the interests of capital and labour should be normal in this scenario.

Managements holding this perspective will often try to persuade their employees that they do not need a trade union to represent them and that management will look after them; indeed these managements often try to create circumstances at work that tend to reinforce this message. Examples of companies in which this attitude has dominated would certainly include big names such as Marks & Spencer, IBM and Hewlett-Packard. Management style in organisations in which this management perspective dominates tends to be perceived as being on a continuum between the extremes of autocracy and paternalism.

1.6.2　Pluralism

This perspective assumes that employing organisations are made up of individuals and groups with different interests, values and objectives. Each group is likely to develop its own leadership and source of loyalty. The various interests and objectives of one group are likely to conflict with those of others and, while this will include the interests of labour versus the interests of capital, conflict will not be

exclusive to these interests. It is common, for example, that there are conflicts within organisations between different groups of employees and between different management functions as well as between labour and capital. We must not assume that all employees have the same interests and expectations, nor indeed that all managers do. For example, it is not unusual for the finance function within an organisation to come into conflict with other functions or departments over issues such as the determination of budgets and expenditure plans, and it is not uncommon for groups of employees to come into conflict over issues such as the 'ownership' of particular work or tasks and the rates of pay received by each of the groups. These latter conflicts arguably used to be more common than they are these days given technological change and the spread of flexible working, multi-skilling and teamworking, but they do still occur. One of the major arguments against the introduction of a minimum wage is that it may well provoke conflicts between groups of employees, with those lowest paid appearing to benefit as the minimum rate of pay is higher than their current earnings, whereas those on higher rates of pay are unaffected and this can lead to conflicts between groups of employees over the maintenance, or not, of existing pay differentials.

In the context of this perspective, management is likely to be confronted by a workforce that does not necessarily accept its right to manage and that owes loyalty to other sources and interests. Management has a very different role in this context: the task facing it is not to exercise a unilateral right to manage, whether this takes an autocratic or paternalistic form; the emphasis is now upon securing the agreement of the other interests to decisions. As Flanders (1970) put it: 'the paradox, whose truth managements have found it difficult to accept, is that they can only regain control by sharing it'.

Management's job, therefore, is not to try to insist upon a right to manage unilaterally but to manage and resolve the conflict and to do this via mechanisms that emphasise the achievement of consensus and involve representation and participation from the various interests concerned. In this sense, conflict becomes institutionalised.

This is a perspective that argues that the greatest potential lies in joint approaches to conflict resolution. Pluralists tend to assume a rough equality of bargaining power between the parties and that the outcome will be a negotiated order and stability.

Collective bargaining is one possible mechanism and, in this context, the formation of trade unions is a realistic and rational response on the part of the labour resource, since they, through their collective strength, are able to provide employees with a counter to the otherwise unfettered power of the employer. The absence of collective organisation on the part of the workforce leaves it weak and open to exploitation.

1.6.3   Radical/Marxist

From this perspective organisations employing labour do so only in order to exploit it. The purpose of capitalism, according to Marxists, is to make surplus value/profit from the employment of resources in the labour process, and it is in this sense that it is argued that labour is exploited, since this surplus value accumulates to capital

(rather than to labour). Profit is made from employing labour for a price less than the value of its product.

The labour process is the term used to describe the process whereby labour is added to capital and technology to produce goods and services that are then exchanged for others. It is the process through which labour potential is converted into actual.

This perspective also views industrial organisations as microcosms of the wider society and the frictions in that wider society are likely also to be reflected and present in the organisation. Underlying the Marxist perspective is an assumption that power in capitalist society is weighted in favour of the owners of capital, the means of production, and not with the owners and sellers of the labour resource. This is a perspective that uncompromisingly predicts a fundamental and continuing conflict of interest between labour and capital and the conflict is likely to be about who should control the labour process as well as about the price of labour. Such conflict is inevitable and, unlike in the pluralist perspective, is not amenable to resolution through mechanisms that emphasise compromise and sharing of power. This is a perspective that does not accept the conclusion of Flanders quoted above.

The nature and depth of this endemic conflict is such that compromise and resolution via peaceful means are not realistic options. If labour compromises it will inevitably do so on capital's terms and therefore to its own disadvantage; collective bargaining in the context of this perspective is to be avoided since it is a means by which capital secures a continuation of the status quo. The negotiation of order results in a compromise that is unsatisfactory to both parties. The only means by which this capitalist status quo can be overcome is through thoroughgoing revolution and the replacement of control by capital with control by labour, that is to say, the replacement of capitalism with a dictatorship by the proletariat; the long-term solution is in the overthrow of the capitalist system. In this struggle trade unions are expected to be and are desirable as the armies of the working class in what will inevitably be a class war leading to the creation of a socialist economy.

It is important to realise and remember that these three perspectives are 'ideal types' and that organisational reality may well reflect a hybrid of perspectives. Of the three viewpoints, the unitarist tends to be most popular with employers and governments and other interests that have a liberal and individualist ideology, whereas the pluralist tends to be the most common among employee representatives and governments of a liberal collectivist (or corporatist) persuasion. The Marxist or radical approach is relatively unpopular, especially since the decline of communist states such as the USSR, and is uncommon in the UK. However, there are other European countries in which it has a stronger presence and tradition, such as in France and Italy, where there are still relatively strong Marxist trade union confederations and political alliances. In the mid-1990s, France experienced a number of large-scale and militant strikes and other forms of industrial action; these were partly a protest against right-wing government policies and also partly a Marxist response to the global pressures upon business to be more and more competitive, more and more efficient.

Edwards (1995: 15) argues a realistic compromise that none of these ideal types can be relied upon exclusively and that the employment relationship is accurately and realistically perceived as one characterised by both conflict and cooperation. In this he expresses similar conclusions to those of Gospel and Palmer (1993), who in their introductory chapter argue that 'conflict and cooperation therefore coexist within organisations … Cooperation and conflict must both be expected.' Edwards characterises the employment relationship as one of **structured antagonism**, a relationship that is both contradictory and antagonistic. The contradiction is due to management needing both to control the labour resource and also to tap into and release its creativity, and it is inevitably antagonistic because employers have to exploit labour in order to create surplus value and thereby profit. It is this deeper antagonism or conflict of interest that needs to be structured in order to facilitate the day-to-day production of goods and services through the labour process. He suggests that cooperation may have benefits for employees and, indeed, that the parties may share some interests, but this should not disguise the fact that ultimately the purpose of employing labour is to exploit it.

1.7   The Balance of Bargaining Power

In discussing these perspectives we have alluded to perceptions regarding the equality or not of bargaining power in the employment relationship. This is an issue that is significant in determining not only the approaches to managing employee relations and the outcomes that are often described as the rules (see Section 1.9 on the industrial relations system), but it also influences the employees' approach and the nature of their involvement with the employing organisation. We examine this concept and the influences upon it in Module 9 on employee relations processes.

Activity 1.2

Re-read the accounts of the three perspectives and then answer the following:

i.   Which of the three perspectives perceive conflict as something that is inevitable within employing organisations?
ii. What are the implications of each of the perspectives for the appropriate means through which conflict is to be resolved?
iii. If there is an inherent and inevitable conflict between the interests of employees and employers, what is the nature and root of that conflict?

Activity 1.3

It is important to realise your own views and values and therefore your own perspective on the employment relationship and so take a few more minutes now to think through which of the viewpoints referred to above as perspectives seem to you to be the more realistic and with which you find yourself agreeing. Don't worry if you find yourself in agreement with elements of differing perspectives. As we said earlier, the three perspectives are somewhat idealised and hybrid viewpoints are common. Write down now what you think and keep it so that later on, as you work your way through this book, you can come back to your current views and see if they have changed as you have progressed.

Activity 1.4

Re-examine the subsections on commitment, and on perspective and conflict, and work out for yourself whether there is any coincidence between the notion of employee commitment when prescribed as a desirable human resource management outcome and the three perspectives detailed.

1.8 A Legal Contract and the Relevance of Ideology

As already noted, the employment relationship does not occur in a vacuum. There are several different contexts which provide the backdrop and within which the interests of labour and capital are reconciled. Amongst others there are economic and business contexts, demographic and labour force contexts, cultural, legal, political, ideological and technical contexts and we deal with the majority of these in various of the later modules in this text. (See also Section 1.9 and Section 1.10 where we discuss the notion of an industrial relations system and develop a framework for studying the subject and for the structure of this text.)

There is a legal environment and dimension to the employment relationship (see Module 5). As a unit of labour is hired, a legally binding contract is created; the terms of the contract may be the product of individual or collective agreement, derived from works rules, custom and practice, or they may be determined legislatively. Governments have taken different approaches to the question of regulation of this relationship, depending in large measure upon their beliefs regarding the efficiency and effectiveness of the market and the value of competition as a mechanism for coordinating business activity. There is, therefore, an ideological dimension to the context within which the employment relationship exists in any particular country at any given time. We return to this in Module 5 concerning the role of government and the legislative context.

1.9 The Quality of Employee Relations

This notion of quality is one that has bothered analysts for some time since there is a lack of satisfactory indicators; the quantitative indicator most commonly used or referred to is that of the incidence of strikes. As a measure of quality this has a

number of drawbacks since peace can be bought by employers giving in to the demands of employees and, in such circumstances, it might be difficult to justify the assertion that relations are good. As with other possible quantitative indicators, such as labour turnover or absenteeism rates, or rates of foreign direct investment (FDI) into the country, it may be that they do indeed give some measure of quality but it may also be that they indicate some other phenomenon entirely. For example, as in Japan where taking such action has generally been perceived to imply a loss of face for both employer and employee, the relative absence of strikes in such circumstances is reflective of cultural phenomena rather than the quality of employee relations. Another example may be where the rate of unemployment in an economy is high and the degree of employment security low, an absence of strike action and/or low labour turnover rates may be indicative of fear on the part of the employee rather than of good employee relations.

Nevertheless, this particular measure (the rate and incidence of strike action) is commonly used as an indicator of quality in international and comparative work and many comparative texts contain chapters comparing the strike statistics in one country with those of another and from which implications are drawn about relative quality. It is interesting that these works commonly detail not only the shortcomings of this as a measure but also the difficulties of ensuring that like is compared with like, since countries tend to collect data differently and indeed apply different parameters on the data. An example of this may be that in some countries the minimum duration or numbers involved may be very different from those used elsewhere as the threshold above which strikes are counted and below which they are not.

Governments and the media tend to use this particular measure; in the UK over the past 20 years it has been common for the government to point to the decrease in the incidence of strikes and days lost through strike action as evidence of an improvement in the quality of employee relations. To some extent this is understandable since the figures tend to be available and the audience may well be a largely uncritical one.

The taking of strike action depends upon factors such as:

- its being allowed or facilitated by the law;
- culture-value systems and attitudes;
- the existence and power of effective collective employee organisations;
- the degree of employment security afforded employees;
- the potential costs to the employees; and
- the availability of other means by which employees can both demonstrate and purge their dissatisfaction.

So we can see that a low incidence of strike activity may have relatively little to do with the quality of employee relations; it may simply be the result of such action being outlawed and/or employees finding alternative means of venting their frustrations or mitigating their dissatisfaction, such as absenteeism, labour turnover, working to rule, withdrawing cooperation or banning overtime, each of which may also be indicators of quality.

Once again we can trace the relevance of perspective. As implied earlier, it is not only the difficulty of knowing whether what you are actually measuring is or is not what you want to measure; there is also the problem that perceptions of 'good' can vary quite considerably from one person to another and between the various interests and actors. If we return to our three stereotypes of perspective, the unitarist, pluralist and the radical/Marxist, we can identify for each what might constitute 'good' and thereby illustrate some of the range of viewpoints on this matter.

- **Unitarist.** The unitarists are likely to see peace, as indicated by the absence of overt conflict behaviour, as evidence of good employee relations. They are also likely to view as evidence of good employee relations management control/prerogative, the absence of alternative sources of employee loyalty within the organisation, and the effective use of labour as indicated by rising productivity and diminishing unit costs.
- **Pluralist.** The pluralist is likely to concentrate upon the existence of effective mechanisms for conflict resolution as evidence of good employee relations. These mechanisms should be joint, demonstrating management's recognition of and willingness to resolve conflict through shared decision making and compromise. Employees with this perspective are also likely to refer to the existence and recognition of effective trade unions as additional criteria to be met if employee relations are to be considered good.
- **Radical/Marxist.** The Marxist is much more likely to be concerned with issues of control of the labour process. Shared decision making through agreed procedures are much less likely to be accepted as evidence of good employee relations since the Marxist viewpoint is likely to see these mechanisms as means through which management secures the maintenance of the status quo. Industrial peace is also likely to be viewed negatively since, on the one hand it is probably evidence that management has secured effective control and, on the other, this viewpoint is one that promotes the belief that revolution is necessary to wrest control from the owners of capital and the trade unions are to be the armies of the working classes in this struggle.

Evidence of the relevance of interests and that actors may view circumstances differently is illustrated by the responses of managers and employees to questions in the WERS 1998 and 2004 concerning the quality of employee relations in the workplace. The results indicate that employees' ratings of management–employee relations were generally lower or more negative than those of management. In 2004 93 per cent (88 per cent in 1998) of managers rated the relations as either good or very good, compared with 60 per cent (56 per cent in 1998) of employees. Comparing employees' perceptions with those of their employers in 2004, employees had poorer perceptions of relations than management in half of all cases (51 per cent), whereas management ratings were worse than the employees' in only 13 per cent of cases.

Activity 1.5

1   Determine for yourself the criteria you might consider acceptable as an indicator of the quality of employee relations and write them down.

2   Now write a short essay in which you discuss the arguments for and against the suggestion that strike statistics are an adequate/appropriate measure/indicator of the quality of employee relations.

1.10   An Industrial Relations System

We move on now to examine one of the most important contributions to the study of industrial relations (and subsequently employee relations since the former is encompassed by the latter), which is the notion of an industrial relations system as devised by J.T. Dunlop in 1958. Many would argue that this constitutes the major American contribution to the literature and theory of industrial relations. Dunlop thought he was developing a general theory of industrial relations when he devised this notion of an industrial relations system, which he saw as a subsystem on its own rather than as part of a wider economic system, though it will partially overlap and interact with the economic and political systems.

Within the industrial relations subsystem Dunlop identifies a range of inputs, processes and outputs.

1.10.1   Outputs

For Dunlop, the **outputs** or **outcomes** of the system are a body of both **procedural** and **substantive rules**, which together govern the actors at the workplace, and the purpose of the system framework is to facilitate the analysis and explanation of these rules, their formulation and administration.

The distinction between procedural and substantive rules is one that students often find difficult. Substantive rules are outcomes such as rates of pay or hours of work and it is important to realise that the procedural rules referred to as an output of the system comprise both the rules governing the determination of the substantive rules, the 'how' that explains rule determination, as well as the procedures governing the application of the rules in particular situations. These procedures can be seen as the rules of governance, the rules created (by different processes) to govern the interaction of the parties engaged in the rule-making process as well as to determine and act as a point of reference for decisions concerning the application of substantive rules.

An example of the first type of procedure might be a recognition and negotiating procedure agreed between employer and employee representatives that spells out the detail of how the parties will interact with a view to the joint determination of rates of pay, hours of work etc. Such a procedure may include details about not only who is to participate in the negotiation but also when and where it is to take place. There may be a number of stages agreed so that, if the parties fail to agree initially, it

is clear how the matter is to be progressed without the need for either party to apply sanctions on the other. Commonly such procedures will also lay out a number of options for dealing with the matter if the parties cannot agree among themselves, such as provision for referral to conciliation or arbitration (see Section 5.6.1, section on ACAS, for the distinction between these two processes).

An example of the second type of procedural rule might be agreed procedures governing the detailed application of an agreed increase in pay (substantive) in and to a complex grading system and also encompassing procedures to deal with grievances and appeals raised as a result of the application of the pay increase. The substantive rule in this example would be the increase in the rates: this is the matter of substance.

While the rules are the outcomes of the system, they are also the product of a range of inputs and the utilisation of particular processes for the determination of the rules and for the resolution of conflict. There are considerable varieties of processes available and they vary from one country or scenario to another, as do the precise nature of the environmental contexts, combination of actors and ideology that Dunlop identifies as making up the inputs to the system.

1.10.2   Inputs

Dunlop perceived three types of independent variable falling into this category: **actors**, **contexts** and **ideology**. Each of these needs a little explanation and elaboration.

1. **Actors.** There are three main actors in the system:
   – A hierarchy of non-managerial employees and their representative collective institutions, the trade unions and similar associations, which may be competitive with each other.
   – A hierarchy of managers and their representatives, which will encompass managerial and employer associations.
   – Various third-party agencies, including government agencies, for example in the UK the Advisory, Conciliation and Arbitration Service (ACAS) or in the USA the National Labour Relations Board (NLRB).
   Each of these is dealt with at some length in later modules.
2. **Contexts.** There are also three main areas of environmental context:
   – **Technology.** The technological context has significant implications for and impact upon the interactions within the system and the outcomes; for example, the technology available at any one time will impact upon the production process and the organisation of work, in turn influencing the nature of skills, quantity and location of labour demanded.
   – **Market or budgetary influences.** Product markets are particularly important to the interactions and outcomes. Recent years have demonstrated this, with many arguing increased international competition in product markets as one of the major influences in the drive for flexibility of labour and the development of models of the flexible firm.

   – **The locus and distribution of power in the wider society**, outside but impinging upon the industrial relations system. An example might be the power afforded the owners of capital relative to labour. Having said that, it is also the case that the distribution of power outside the system tends to be reflected in the system. It is suggested that this distribution of power will have a particular impact upon the state's third-party agencies. An example may be that, after a long period of uninterrupted rule by one particular political party, it is likely that the power distribution reflected by and in this dominance will also be reflected in the make-up and disposition of the hierarchies of such agencies.

3. **Ideology.** The third category of input identified by Dunlop is ideology, by which is meant a collection of assumptions, values, beliefs and ideas that, shared by all the parties, will have the effect of binding the system together and rendering it stable. The hallmark of a mature industrial relations system is that the ideologies held by the main actors are sufficiently congruent to serve the purpose of allowing common ideas to emerge about the role and place of the actors within the system.

The most commonly quoted illustration of this is the assertion that, at the time that Dunlop was writing, there was in the UK an ideology of 'voluntarism' that fitted this stereotype. The voluntarism ideology was essentially that the employees and managers and their respective representative institutions should be left to resolve problems, difficulties and conflicts on their own without the intervention of government and, particularly, without the intervention of the law. At the time, this view /belief was shared by all three main actors and presumably Dunlop would have cited the UK as an example of a mature system. Subsequent events illustrate that mature and stable systems do not necessarily remain stable in the face of changing beliefs and values. Other nations might well have mature systems in which there is such a shared ideology but of course the dominant ideas and beliefs may be different, as we see in Module 5. There are, for example, countries within Europe – Holland and Germany amongst others – where the dominant and shared ideology is corporatism and this has led to genuine social and economic partnership with a substantial role for government and legislative regulation as well as for bargaining.

1.10.3 Processes

As with any system the inputs are converted into the outputs through some process or other. Dunlop identified a number of processes through which this might happen and, at the time that he was writing, the dominant process in the UK, USA and other developed countries was collective bargaining, a process through which the parties seek to resolve conflict and determine jointly agreed rules, both substantive and procedural. Other processes that might apply include the unilateral determination by either of the main actors, management and employees, the use of third parties either through the process known as conciliation or that known as arbitration, or the government might intervene and determine rules via the mechanism of legislation.

1.10.4   Criticisms of the Dunlop Model

The Dunlop system has been widely criticised. Dunlop appears to have thought that he was devising a general theory of industrial relations and much of the criticism of him and his systems model has been grounded in assertions of failure in this respect; that is, that he did not produce such a theory since the model lacks analytical rigour and does not facilitate the analysis and explanation of industrial relations in a dynamic context, but is merely a description and the organisation of facts. Another specific but related criticism is that therefore the model is too static.

Further criticisms have been made that the systems approach tends to reinforce the status quo through its uncritical approach to the existing relationships and interactions and, perhaps most importantly, to the existing disposition of power within society and in the employment relationship. Those of a radical persuasion are most likely to be critical on these grounds. The system as devised and depicted by Dunlop is consistent with the pluralist perspective in that it tends to emphasise the joint resolution of conflict through the determination and application of agreed procedures and the achievement of consensus, the outcomes being further rules geared towards the perpetuation of the status quo rather than the radical and revolutionary change favoured by the radical perspective. The whole emphasis of the Dunlop position is the achievement of stability and maturity through shared values/ideologies, whereas the emphasis of the radical position is upon change and, where appropriate, radical and revolutionary change.

One of the common current uses of the Dunlop model is as a framework that facilitates analysis, description and comparison; in particular, students and others find it a useful template or checklist for the analysis and comparison of different companies, industries or countries.

Activity 1.6

Think about this systems model and then write down the advantages and value of the model. Having done this, you should then write another list in which you identify the limitations or disadvantages.

1.11   A Framework for Studying Employee Relations

What is proposed in this section is not intended as a theory of employee relations but a framework in which we can locate the various actors and influences which should provide the newcomer to the subject with an idea of the content and focus of the study of employee relations. This framework also provides the reader with a convenient guide to and picture of the contents of **this text and how it is structured.**
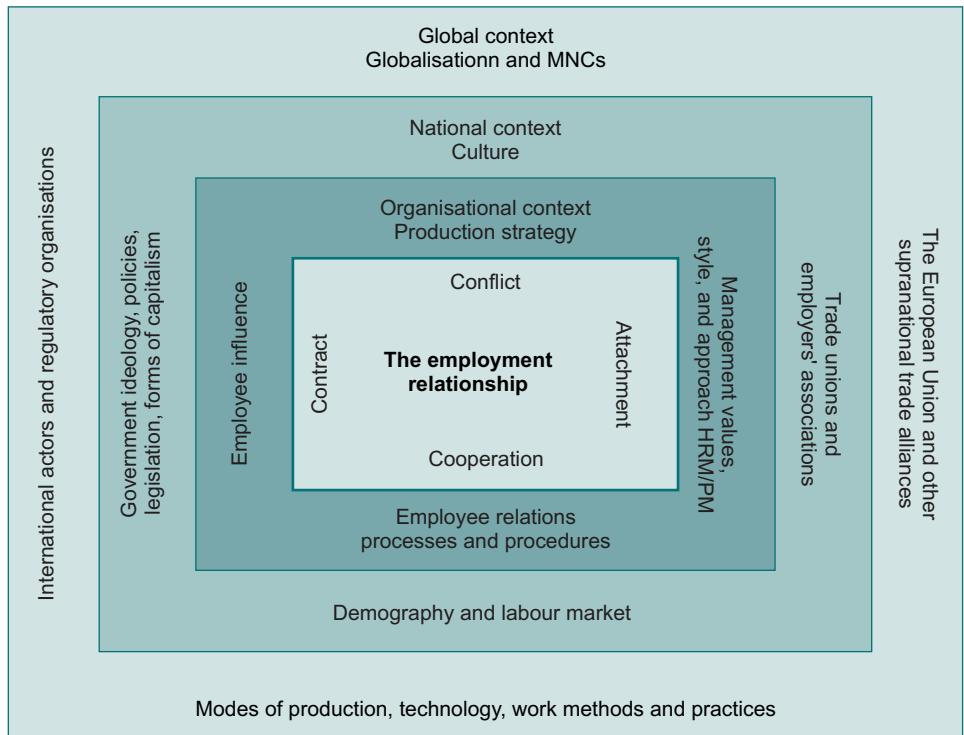
Figure 1.1   Framework for studying employee relations

At the centre of the framework (see Figure 1.1) is the employment relationship. There are many different dimensions to this relationship. We have already noted that it is a relationship between buyers and sellers of labour capacity; it is therefore an economic exchange. We have also noted that the relationship is contractual and that it has both a psychological and legal dimension to it; both a legally enforceable and a psychological contract. It is also a relationship that tends to be relatively continuous and traditionally, though less so these days, was open-ended. It is also a power and authority relationship with the employee agreeing to an element of subordination to the authority of the employer, and in this context it is also an asymmetrical relationship since the employer has the greater power. The nature of the relationship is variously perceived; for example, some see it as a relationship dominated by the inherent conflicts of interest between the parties whereas others perceive it a relationship that is, or at least should be, dominated by cooperation. It is also a relationship that is secured through different modes and forms of involvement and attachment, ranging from an alienative to a moral involvement and from compliance to commitment as the base for the ongoing attachment of the parties.

The employment relationship and the interaction between the parties can be seen to produce a number of different employee relations outcomes within the organisation. At one level, these outcomes can be perceived purely in terms of whether they are processes, procedures or practices but, at another, they can be seen to be mechanisms for securing the objectives of the parties whether, for example, this be

the resolution of conflict between them, employee participation and involvement in decision making or control of the labour process, the handling of grievances and management of discipline or the pursuit and achievement of equal opportunities.

The relationship occurs within many different contexts and is variously constrained and influenced by them. These contexts can be differentiated on a number of different grounds and here we differentiate between international, national and organisational contexts. Throughout the framework there are two-way interactions between the various layers of context: the international context exerts influence upon the national context and thereby upon the organisational context and the employment relationship itself, yet the interactions within the employment relationship produce outcomes that become part of the organisational context, which itself may then impact upon the national context. Reasonably one might expect the strength or intensity of the outwardly directed influences to be less than those of an inward direction.

At the organisational level influences include the values and beliefs of the parties, which, as we have noted earlier, are likely to influence the parties' expectations and their perceptions of their interests and the nature of the relationship. These are likely to influence management style and approach, for example, such as their attitudes towards trade unionism, whether they are prepared to share power and control, whether they are prepared to enter into mechanisms for the joint determination of issues and the resolution of conflict, and their preferences for personnel or human resource management. For employees, they are likely to determine their approach to collective organisation, the nature of their attachment, whether they have a right to participate in decision making and their perceptions of whether they are being treated fairly, consistently and with dignity.

At the level of the organisation, decisions will be taken about the production and competitive strategies to be pursued, about the way in which work is organised, the labour force required and the distribution of work between primary and secondary labour markets. All of these will have implications for the parties to the employment relationship and the interactions between them.

Outside the organisation, there are two levels of context: the international and national. At the **national** level we have the influence of the values, beliefs and attitudes that can be perceived as constituting the national culture. At this level also we have the nature of the dominant form of economic activity, government and its ideology, and the policies and priorities pursued by government in its role as economic regulator. The government also has an influential role in the determination of the legal context. Additionally, at this level of context we have to consider the structure of industrial and economic activity, the composition and structure of the labour force, demographic circumstances and trends, the distribution of power in society and the history and traditions of the country. The supply of labour will be influenced by the nature of the dominant education and training regimes. Employers and trade unions also function at this level, pursuing their own objectives but also engaging with government in order to exert influence and achieve certain specific outcomes.

Outside the level of the nation there are several influential **international** contexts. Perhaps the most important of these is associated with global capital, its objectives and its activities, encompassing the multinational enterprise and its ability to invest and locate around the world. We also have nation states forming supranational trading blocs and alliances and for the UK and other member states, the European Union (EU) forms an important element of the international context. There are also international associations and federations of employer and employee organisations and there is at least one influential international regulatory organisation, the International Labour Organisation (ILO). Last, but by no means least, is the influence of modes of production, technology and technological change with their implications for the way in which work is organised and the day-to-day experience of people at work.

The remainder of the text is consistent with this framework, so that we work from the outside in, from the international to the national to the organisational. Inevitably it is impossible to be comprehensive but the contents chosen do reflect the author's perceptions of relative importance. Choices have also had to be made on where to include some of the material and it has to be acknowledged that there are alternative approaches to structuring a text such as this. For example, I have chosen to examine the nature and organisation of work as part of the international context; others might argue that it would be more appropriate at an organisational level. Similarly, I examine managing employee relations as part of the organisational context whereas others might argue that, given debates about the development of a global model of high-commitment, high-performance human resource management, it might be more appropriate to study it as part of the international context. It is, therefore, a matter of judgement and the structure of this text reflects that of the author.

Learning Summary

So far we have examined different interpretations and meanings attached to the term 'employee relations' and in so doing have touched upon differences between employee and industrial relations.

You have learned that the employment relationship does not occur in a vacuum and indeed that there are various different contexts together comprising the overall environment. You have also been introduced to the notion of a psychological contract between employee and employer and the range of different interests and expectations of the parties.

The employment relationship is characterised by a range of potential and different forms of attachment, some of which may imply employee commitment to the values of the organisation and some of which acknowledge more instrumental or calculative motives.

There are also differing perspectives upon this relationship and, in particular, we have examined three, each of which has implications for the way in which the issues of conflict and/or cooperation between labour and capital are perceived. Integral to this is the question of whether these two sets of interests can coincide.

The quality of employee relations is difficult to determine and the criteria by which it may be assessed are influenced by perspective.

We have examined the notion of an industrial relations system and the various criticisms of it and have proposed a framework for studying the subject that centres upon the employment relationship and provides the structure for this text.

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