

Relationship between employees, employer and representatives



Introduction

What is meant exactly by employee relations? What has changed since the Industrial Revolution? Salaman (2000) defines employee relations as a “reflection of the development of more diverse employment patterns, the growth of high tech and commercial sectors, reduced levels of unionisation and use of management strategies aimed at individualising the employment relationship”, in other terms it is the new management of all the variables which influence the work namely the management style, the level of employee’s motivation, the work environment, job satisfaction, the objectives of the company etc.

We can differentiate three phases in the evolution of employee relations since the end of the Second World War, the third one being the partnership approach.

Until 1979 (date of the election of the Conservative Party), work relations were based on collective bargaining and collective agreement aiming to “determine and regulate, in varying degrees, the terms on which individuals will be employed” (Flanders, 1968), with a strong voluntarism encouraged massively and informally. The trade unions (basically, it is an association of wage earners, totally independent of employer’s pressure, who struggle to improve work conditions) had a lot of power and everything was negotiated through deals. In fact, a Trade Union, through collective bargaining can “force employers to deal with labour as a collective identity, rather than isolated individuals, and so, secure better the terms and condition of employment” (Webb & Webb, 1920).

However, when the conservative party was elected in 1979, everything changed. The new government introduced a lot measures to limit the role of trade unions.

In addition, it “ introduced an ‘ enterprise culture’ in which individuals and organisations, rather than government, were to be held responsible for economic performance. Thus, as well as rejecting the maintenance of full employment as a major policy objective, they in effect abandoned the commitment of their predecessors to voluntary collective bargaining as the most effective method of determining pay and conditions”.

Then, there was a total break with the old work patterns but an explanation of this will be the economical context. In fact, after the war, there was a period of reconstruction that engendered a lot of work; manufacturing was the backbone of the economy, it was a period of full employment.

After that, there was a wave of privatisation, many companies became multinationals, and there was an internationalisation of business.

The aim of the study will be to analyse and evaluate the new approach to the management of employee relations. Firstly, the author will define and explore what the partnership approach is. Then, the study will continue by examining the advantages and the disadvantages of this approach to each stakeholder (employees, employers and Trade Unions). Finally, an evaluation of the prospects for success of the partnership approach and an expression of a critical comparison with the previous ones will be highlighted.

The Employment Relation (ER)

Employment relationship is an economical exchange of labour capacity in return for the production of goods and services. It is very important to understand the implications of all the aspects of employment relations. High levels of collaboration between the workforce and management are likely to be consistent with greater reliability of production and quality of output, which in turn would bolster the organization's market position. Thus, employment relation is one of the most significant areas that need to be invested (Rollinson, 1993).

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The state (all levels of government) plays a crucial role in employment relations, both directly and indirectly. The roles undertaken by governments may be categorised into five components including maintaining protective standards; establishing rules for the interaction between the parties; ensuring that the results of such interaction were consistent with the apparent needs of economy; providing services for labour and management such as advice, conciliation, arbitration and training; and as a major employer.

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The management of the ER system in Britain

Britain is a country of Western Europe comprising England, Scotland, Wales, and Northern Ireland. Until July 2003, the British population is 60, 094, 648. At the height of its power in the 19th century it ruled an empire that spanned the globe (Stewart, 2005: 23-25). It is the dominant industrial and maritime power of the 19th century, played a leading role in developing parliamentary democracy and in advancing literature and science. The first half of the 20th century saw the Britain's strength seriously depleted in two World Wars. The second half witnessed the dismantling of the Empire and the Britain rebuilding itself into a modern and prosperous European nation. It is also a leading trading power and financial centre, is one of the quartets of trillion dollar economies of Western Europe.

The British industrial relations system has a long history and has undergone much change in recent years. There are three phases in the evolution of employee relations since the end of the World War II, the third one being the partnership approach. Until 1979 (date of the election of the Conservative Party), work relations were based on collective bargaining and collective agreement aiming to determine and regulate, in varying degrees, the terms on which individuals will be employed (Flanders, 1968), with a strong voluntarism encouraged massively and informally.

The partnership approach

What is it?

The use of this term is a relatively recent political phenomenon. Some people affirm that it is just a term used by the Government to attract popular

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support because nobody can be against 'Partnership' (Knell, 1999). Some others, more optimistic, see in this term a new pluralist approach to industrial relations. This concept comes from the idea that enterprises should recognise the interests of each stakeholder, namely employees, employers and their representatives, in order to satisfy each party. The aim of this approach is to find a common interest of management and labour, through "trust and mutual involvement, instilling a sense of belonging and involvement".

The Involvement and Participation Association (IPA, 1992) identifies six key principles:

A shared commitment to the success of enterprise, including support for flexibility and the replacement of adversarial relations.

A recognition that interests of the partners may legitimately differ.

Employment security, including measures to improve the employability of staff as well as limit the use of compulsory redundancy.

A focus on the quality of working life.

A commitment to transparency, including a real sharing of hard, unvarnished information, an openness to discussing plans for the future, genuine consultation and preparedness to listen to the business case for alternative strategies.

Adding value – the hallmark of an effective partnership is that it taps into sources of commitment and / or resources that were not accessed by previous arrangement.

For the New Labour government, ‘ partnership’ at work becomes an important objective.

B. Its dimensions

1. Who are the partners?

The partnership is between individual employer and individual employee and their representatives but the latter partner is weak in the new work relation. The partnership approach is more focused on individual relationships than a collective one, like in the past.

Indeed, New Labour insists on individual choice. For them, it is not an obligation to integrate a working union. It emphasises that “ individuals are the best judges of their own individual interests”. That is to say that the individual has the choice of whether or not to join a trade union and whether or not to take part in the coverage by collective agreement.

It might mean the new government is not really in favour of the trade unions. In fact, some people think that a trade union would be an enemy of the partnership approach in the sense that trade unions defend the workers’ interests and they always have a confrontational relationship with the employers.

Then, how can a partnership be formed if one of the partners does not make an effort to find a common agreement? In this way, the trade unions' role has to be redefined. They have to play a co-operative role with employers in order to find some common interests which satisfy both the employees and the employers.

The psychological contract

The psychological contract is the basis of a partnership approach. It is the link between employers and employees. It establishes the expectations, aspirations and understandings which they have of each other (Herriot, 1998).

The author has noticed that the psychological contract has changed since the last few years because of the changes of the work environment (change in workforce structure, re-engineering, downsizing.).

The old psychological contract was based on security and predictability, now it is “ more situational and short term and assumes that each party is much less dependent on the other for survival and growth”.

According to Hiltrop (1995), the new contract can be defined as follows:

“ There is no job security, the employee will be employed as long as he/she adds value to the organisation, and is personally responsible for finding new ways to add value. In return, the employee has the right to demand interesting and important work, has the freedom and resources to perform it well, receives, pay that reflects his or her contributions and get experience and training needed to be employable here or elsewhere”.

The psychological contract has to be strong and truthful to allow a partnership relation

The voluntary aspect of the partnership

New Labour insists on the voluntary aspect of the new work relation. The partnership should be introduced through cultural changes which will lead to “ more positive relationships between employers and employees than the letter of the law can ever achieve”. That is to say that the law itself can not resolve the problem of employee relations, some cultural changes have to emerge first. Employers and employees have to make some effort to improve the work relationship.

The advantages and the disadvantages of the partnership approach:

A. For the employees

1. Advantages

With the partnership approach, employees benefit from a Family atmosphere with friendly policies. For example, they benefit from new working arrangements which allow a greater flexibility. There is a harmonisation of working conditions, policies and procedures for all employees under training. The partnership approach introduces a new pay structure: pay is monthly through credit transfer, and the traditional annual pay is replaced by an objective formula. Moreover, a reduction of the working week for manual and craft employees can be observed.

2. Disadvantages

However, the partnership approach introduces the notion of the individual worker. In this way, trade unions are less useful in the employer/employee relationship and lose their power. Then, the employee is in a weaker position than his/her employer (a caution has to be noticed because, trade unions have a right to accompany their members during the disciplinary or grievance interview).

B. For the employers

1. Advantages

Firstly, the partnership gives a good reputation to the enterprise which applies it. Moreover, it allows a greater stability of employment because employer talks to employee and establishes some rights and some obligations that each party has to respect (limit the turnover, strikes and so on). The relationship between both is more respectful and equal.

Furthermore, the partnership allows a greater openness over the enterprise. Through it, the employers know what is wrong with the employees and try to find how they can fix it. The work atmosphere is more friendly and truthful.

The partnership approach is, as well, a need for a change in approach to the trade unions. To date, the relation between employers and trade unions is based on confrontation. This new approach gives a secondary role to the trade unions and privileges the individual employer/employee relations, which is easier to manage.

Moreover, employers try to improve work conditions, in return they profit from a greater activity because workers feel good in the company.

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In addition they can have greater performance appraisal and a new understanding of performance management through control and feed back.

2. Disadvantages

This approach demands a lot of administration and is quite constraining for a company. To fire an employee who has a poor performance for example, the employer has to give a first warning and propose a disciplinary interview in order to detect what is wrong with this employee. If nothing has changed, the employee can receive another warning, the last one, before the dismissal (or other sanctions). Sometimes, procedures take too much time and engender an economical loss.

Moreover, the enterprise can lose some power in relation to its employees. Previously, employers had the economic power over employees, now this power is more shared between both because their relationship is more interdependent.

C. For the trade unions

1. Advantages

There is a new stake in their role as representatives. They have to prove the value of the employers to the employees and the value of the employees to the employers.

Moreover, the trade unions can profit from a partnership fund in order that “ employers and employee representatives work together to support

innovative projects to develop the partnership approach in the workplace” (Lord McIntosh & Lord Hansard, May 1999).

2. Disadvantages

The partnership approach has more disadvantages than advantages for the trade unions. Through it, trade unions lose some power. Firstly, their recognition is limited. According to the government, the trade union has a secondary role in the employer/employee relationship. Then, their role has to be redefined in a more consultative sense; it has to focus on the information, the communication, the representation and the partnership. Their contribution to the partnership is potentially useful but far from being essential.

Thus, trade unions are worried about their traditional role which is to defend the worker’s interests. They think that in this new approach, employee representatives will become part of the management.

Moreover, according to the IPA, the partnership needs a different channel than the union one, because this model is not adequate anymore. In fact, the union presence is weak or non-existent in the majority of companies in Britain, therefore, the partnership needs a new representative structure.

Evaluation and criticism of the prospects for success of the partnership approach

The employment relation through the partnership approach becomes fairer.

For example, union co-operation in more flexible work patterns,

teamworking, the introduction of annualised hours and the harmonisation of

terms and conditions of employment are all greater assets of the partnership approach. Concerning job security, the partnership approach remains limited:

“ The job security guarantees have been identified as the hallmark of partnership approach by many of its advocates, although, they have not featured in all such agreements. In most cases, they amount to relatively limited management commitments to avoid the use of compulsory redundancy as a means of labour shedding- a fairly familiar practice in organisations that can attract sufficient candidates for early retirement and voluntary redundancy with enhanced severance payments. Moreover in some partnership agreement, trade unions and employees are required to co-operate with measures which make the avoidance of compulsory redundancy easier, including the acceptance of the company’s use of subcontracted, temporary or short-term contract staff” (Taibly & Winchester, 2000 and Bach & Sisson, 2000).

Moreover, the fundamental need for a successful approach requires some cultural changes; we have to break with the old practice (industrial/adversarial ones) because we cannot access a new form of management without this.

Furthermore, the partnership approach appeared in a particular political context. In fact, it was the end of the Conservative government (characterised by a policy of deregulation) and the beginning of the Labour party which developed the important idea of commitment to the partnership in the workplace. But, its aim has to be analysed very carefully because we

can notice that the government refused to take part in some social policy proposals developed by the European commission. This reaction is contrary to the apparent willingness of the government to introduce fairness in work and at work.

However, some surveys show that employees feel better with the partnership agreement. We can notice that job satisfaction level is greater than before (Bach & Sisson, 2000) but this result has to be taken with caution if we refer to the recent strike of the Post Offices which occurred last month.

Then, the question is whether the partnership approach is successful?

In the historical, political and economical context, the author thinks that partnership and the willingness of each stakeholder are present. The difficulty is just trying to apply it in the best way.

Britain has made a lot of effort to improve work conditions. Compared to the past, this approach is the compromise between the two previous ones. Indeed, the first one (~1945-1979) was too dominated by the trade unions. The following one was too adversarial; the employees lost all their rights. Thus, this new approach tries to satisfy both parties.

Conclusion

The work is not finished. If the partnership approach succeeds in satisfying the stakeholders, it needs to be improved again. Britain needs to work on other more social law proposals and take part in the European ones.

However, the employment relations are governed by the variation of the market as well; hence, it is very difficult to satisfy everybody. But, the important thing is to try to do the best.

Moreover, there will always be some disagreements and unfairness in work and at work; we have to be patient because it takes time to change the mind of each person.