FUNDAMENTALS

What is Employee Relations? 01

INTRODUCTION

Employee Relations is concerned with the management and mainte-nance of the employment relationship, essentially how management and the employees of any organization interact. In this chapter we will look at the development of Employee Relations and explore:

- the difference between Industrial Relations and Employee Relations;
- the employment relationship and psychological contract;
- the role of power in the employment relationship;
- key contributors at national, European and international levels;
- involvement, participation and employee voice;
- the basis of conflict within the organization;
- the end of the employment relationship.

Background: Industrial Relations and Employee Relations

What are Industrial Relations and Employee Relations?

Industrial Relations is the term used to describe the relationship between employer and employee collectively through the Trade Union, acting as a collective voice for employees.

In the UK it was in such a situation that Industrial Relations had its roots in 1875 when six agricultural workers, known as the Tolpuddle Martyrs, attempting to form a Trade Union, were arrested and transported to Australia. Today there exists in the UK a structure of Unions available to represent employees, and employment legislation supporting good employee and employer relations. In different countries the role of Trade Unionism and the scope of employment legislation vary, dependent on the history and culture of that country. In the majority of countries the industrial landscape has changed, and in recent years there has been a reduction in membership of Unions, with OECD (Organisation for Economic Co-operation and Development) countries reporting a decline in membership from 20.8 per cent of population in 1999 to 16.7 per cent of population in 2014 (OECD, 2017a).

However, Employee Relations is the relationship between the employee and the employer, through representation if it is available, but often without a Trade Union. We, as HR professionals and Line Managers, act as representatives of the employer, and often an employee's main relationship with the employer will be through their Line Manager. As with all relationships, communication between both parties is important, but with the imbalance of power between the employer and employee frequently managers communicate downward to employees, with less time given to listen to employees' contributions. Yet if we do allow employees to contribute and involve them they are likely to be motivated and their suggestions can support business performance.

So, Employee Relations concerns communication with employees and also the involvement and participation of employees, but at times the relationship has problems that need to be resolved. Employee Relations also covers the conflict between employer and employee (and in fact between employees), and the discipline and grievance procedures support the employer in managing these disputes. If the employee is represented by a Trade Union they may seek their help to represent and guide them at a formal discipline or grievance hearing. It may be that the Trade Union negotiates with the employer, and if the outcome of the negotiation is not acceptable to the Union, there may be circumstances where it decides that it must take industrial action. If we have Employee Relations experience we may be involved in the negotiation or need to support Line Managers who may be attempting to continue work as usual during the strike.

All this needs to be carried out within the law, and this is our main concern as HR professionals. We might find it difficult to ensure that the relationship between Line Managers and employees meets legal requirements; this is

not under our control. Yet we might well find ourselves at an Employment Tribunal supporting the employer despite the fact that a Line Manager has not listened to our advice.

In context – the labour market

The labour market provides the arrangement through which workers can interact with employers to gain work and to agree payment for this work. Within this marketplace, potential employees seek work and employers seek to fill their vacancies. This market enables competition to attract employees to the best offer, with supply and demand of employees moderating the wages. The state of the labour market can be evaluated by measures such as unemployment and wage levels. It may be tight, when demand exceeds supply and unemployment is low, or conversely, if demand exceeds supply it is described as loose.

Employers need to ensure that their organizations make a profit and so need to obtain appropriately skilled workers who will work efficiently and effectively for the lowest wage possible. Employees need work that provides at least a living wage to ensure that they and their families have the money to meet their debts. This is the wage–work bargain (Behrend, 1988). However, individuals are motivated also by the social identity and social contact that is provided by work, along with the recognition and status that employment can bring. Finally there is also the opportunity for self-development through training or the challenge of promotion (Maslow, 1987). So while work may be contractual in nature, there is a need for a positive employment relationship.

Within the labour market, regulation is provided to protect the employee and according to Dibben, Klerck and Wood (2011: 12) to '*encourage specific behavioural patterns (that is, encouraging employers and employees to engage in certain behaviours) through the imposition of costs and rewards*'. In the UK legislation is formulated nationally as statutes and through case law, but has also been influenced by international bodies such as the European Union, and internationally by membership of the United Nations and the International Labour Organization. To date (autumn 2017), the impact of the EU on UK law after Brexit is not yet clear.

The extent of market regulation is important in the ability of a country to attract foreign investment. If it is easier to recruit and dismiss employees than in other countries then a multinational corporation (MNC) may look favourably on this location. If, for example, the need for employee consultation and restrictions on working time are demanding, the MNC

may be dissuaded from investing. The MNC will balance the costs of regulation, labour costs and other operational requirements to support their decision.

It may be argued that a country should have limited employment legislation, employers should be able to hire and fire at will and labour costs should be low. Whilst such conditions may attract external investment, it would not protect employees. Governments have to balance the needs of the employees for employment protection with the restrictions that the laws they pass to protect employees may have on the market. The UK has a history of voluntarism -- that human association is not coercive and government and legal intervention in Employee Relations is kept to a minimum. This is led by Trade Unions preferring collective bargaining to legislation, possibly because of the lack of trust of those in power, a principle of non-comformity rather than establishment.

Over the past 10 years the global economic crisis has worsened job security (OECD, 2017b) and Governments have chosen to deregulate. This has accelerated the proliferation of liberal market economies, such as the United States and the UK, with greater flexibility for employers to hire and fire (OECD, 2013). Liberal market economies may make it more difficult to develop a good employment relationship with employees. This is unfortunate, as high-commitment HR practices which prioritize a positive employment relationship have been shown to influence job satisfaction and job performance (Latorre *et al*, 2016).

A further change to the labour market in recent years has been its geographical range. For many potential employees the driving distance from home gives the extent of their labour market; for others with good rail networks, the labour market may extend to a region. But now, with globalization, employees take assignments all over the world. These assignments may not be new jobs with new employers, but roles within a single MNC which has work locations worldwide. Within the European Union, freedom of movement enables employees to work easily across different EU countries. Outside this region, employees become subject to the immigration policies of the country they wish to enter.

So the demand and supply of work is more than just a wage – work legally contracted bargain. It is mediated by regulation, the extent of which is influenced in the UK by its history of voluntarism and a move towards liberal market economies.

The following case study illustrates the wider labour market and looks at what HSBC has to offer for those employees willing and able to take a global role.

CASE STUDY   Global working at HSBC

HSBC offer an International Manager Programme for newly qualified graduates. International Managers are deployed across 46 countries, and are assigned a new role every two years. They are expected to continue to offer global mobility, taking new assignments throughout their career.

The Head of Credit Approval for the Global Banking and Markets and Loan Management Unit in Argentina explains, 'my time in Asia allowed me to interact with a different culture and working environment and learn about myself both professionally and personally'.

The Vice President, Institutional Sales in Mexico, 'would now like to move outside Mexico and take advantage of the bank's experience in financial markets in Asia, North America and Europe'.

SOURCE (HSBC group, 2017a, b)

In context – forms of employment

Not all employment is full time and permanent. Organizations need to maintain flexibility and they have done this by being able to alter the numbers of employees at one time. They have a core number of employees, specialist staff on permanent contracts and usually full-time. They then have a peripheral set of employees, on atypical contracts such as temporary or fixed-term contracts or part-time permanent contracts. As these peripheral employees tend to be working on less critical tasks it is easier to expand and contract using this set of employees.

The use of the peripheral workforce enables organizations to protect themselves from changes in economic conditions and changing demand for their products or services. It also influences the decision-making of MNCs as they settle on where to establish their production sites. It is very attractive to MNCs and other businesses to have employment laws that give organizations the ability to have a flexible workforce. For example the retail sector needs the ability to take on extra staff to cover the increase in Christmas demand.

Employees, on the other hand, have a need for job security. Some employees wish to have atypical work contracts; often those with caring responsibilities prefer part-time or term-time working and some other

employees can accommodate fixed-term contracts, where they take short-term projects and can adjust for times of unemployment. Some people choose to work in the gig economy; current research estimates that this accounts for 4 per cent of the workforce or approximately 1.3 million people (CIPD, 2017a). They are given piecework online, from running errands (eg Taskrabbit) to providing a delivery service (eg Deliveroo). The gig economy is more developed in the United States. It may be referred to as crowd-work, particularly in Europe, where it is also beginning to flourish (FEPS, 2016). Those working in the gig economy often do this to supplement income from more traditional forms of employment. Others take flexibility by working in the virtual workplace, but from home. It is important to note that no clear global definition of the gig economy, crowd-work or sharing economy has been made, and as these develop there will be clearer differential between what is purely without pay and what is included as paid work (though the gig economy seems to be paid piece-work). For some people flexibility is a choice. For others, it is driven by the employers' needs for sufficient flexibility and accepted as the only work on offer – the term 'workplace flexibility' is contested and, in this case, it is one-sided flexibility.

In order to protect employees, legislation has been approved to reduce any adverse impact of atypical work. The Agency Workers Regulations 2010 attempt to ensure that temporary employees are not treated less favourably than permanent employees, but this reduces the flexibility that employers have. Similarly, legislation has been passed to support part-time employees – Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000. In the UK there were 883,000 people on zero-hours contracts in April–June 2017, 20,000 fewer than in the same period in 2016 (ONS, 2017a). This may reflect the ban on exclusivity clauses in zero-hours contracts as a result of the Small Business, Enterprise and Employment Act 2015. Good practice is only to use zero-hours contracts when flexibility is required by both parties.

Despite the lack of job security, increased liberalization of the labour market and deregulation, the current UK position is positive. This is reflected by the Taylor Review of Modern Working Practices (2017) and the ONS UK Labour Force Surver (2017); see Table 1.1.

If the law provides security to both parties, without either feeling that they have been compromised, then there is a good basis on which to build the employment relationship.

TABLE 1.1   ONS UK Labour Force Survey (2017)

	April–June 2017	Increase or decrease on April–June 2016
Number of people in work	32.07 million	+338,000
Unemployed	1.48 million	−157,000
Economically inactive	8.77 million	−90,000

CASE STUDY   New forms of working in the digital marketplace

Offshore outsourcing, the moving of work outside the country where products and services are developed, is commonplace, and has been since the 1980s. Organizations have the benefit of reduced costs, and the internet has allowed support services to be outsourced. With at least 53 per cent of the world's households having access to the internet (ITU, 2017), the opportunity to use it to access outsourced work globally is clear.

Potential workers can access digital labour platforms from anywhere in the world, enabling them to avoid the restrictions in their local labour market. Whilst some jobs in the gig economy are bound by geographical considerations (for example, delivery or taxi services), many business roles, such as lead generation, marketing, translation and personal assistance (PA), can be completed anywhere.

For some workers, where the local economy is limited to low-paid roles, payment in the digital marketplace can be high. For example, as Angel from the Philippines described:

> 'For me, it's a high paying job, because now, I was able to afford an apartment, pay my own bills, my own internet connection, my own cable, paying for our own food, for my kids' milk. That's all on my own' (Graham et al, 2017).

In theory, the ability for workers to compete for work on their ability and the recommendation of previous clients, on their skill rather than their location, should strengthen the bargaining power of skilled workers, wherever they are located. However, whilst this is the experience for some workers, the oversupply of available workers means that many employers obtain high skill at low pay rates.

Nu, a software tester from Vietnam, explains how she ensures that she has work:

'actually it's very simple and I think that if I set the minimum [hourly rate] so I will have more job to do. [...] there are many freelancers from around the world. I see a country like Philippines – they have very low rate so I need to compare to them' (Graham et al, 2017).

Graham *et al* (2017) suggest that whilst there are benefits to such work for those using digital labour platforms for work, the limited bargaining power and economic exclusion due to discrimination and the lack of protective legislation are problematic. With most offers of work using these platforms coming from the developed world, work needs to be done to determine how we regulate these platforms whilst encouraging the digital gig economy.

Others are excluded from working because of discrimination. Tatiana, a Cameroonian virtual assistant living in Johannesburg with her husband and four children, explained:

'People think that when you're from Africa [...] Whenever they hear Africa, Africa is somewhere where people are poor, people can't even afford Internet connection. People are not really literate [...] That is why when I applied for a job I never send my resume' (Graham et al, 2017).

SOURCE (Graham *et al*, 2017)

The employment relationship

Businesses could not survive without their employees, who enable them to provide goods and services to their customers and clients. The relationship through which this is carried out is known as the 'employment relationship'. This can be seen in the formal employment contract, the communication between the organization and the employee, and the systems and rules that enforce the relationship. There are three ways the employment relationship can be viewed and these are in terms of an economic, legal or social perspective.

The economic perspective

Social Exchange Theory (Blau, 1964) views the employment relationship as a transaction, where the true worth of the relationship is assessed by balancing the costs against the benefits. This can be applied to the work context by reviewing the costs of work to the individual (for example effort, time and travel) against the benefits of work (for example, increased satisfaction, self-esteem and payment). The employer also will weigh up the costs against

benefits. If the benefits outweigh the disadvantages the employee will remain within the relationship with the employer or vice versa. However, if the cost is too high the employee (or employer) will abandon the relationship and respectively resign or dismiss.

In this economic transaction the employee is the owner of their product (work) which they sell for a price (wage). A free market economy based on supply and demand means that those with scarce skills may be able to obtain the highest wage and conversely those with the more readily available skills can only achieve a low wage. In this free market, the employment relationship can be perceived as purely economic in nature, with competition setting the 'price' of work or wage. This is similar to the approach taken by Adams' Market Exchange Theory (1776) where the market assesses the value of a commodity, in this case, work. However, this free market view of the employment relationship does not take into account that the power, and therefore the ensuing relationship between the organization and the employee, is not equal.

Another view of this economic transactional approach to the employment relationship is the wage–work bargain (Behrend, 1988). The employment contract controls the wage–work bargain, establishing terms of payment for work, but not the specifics about what particular work is to be provided or how. Therefore this does not accurately describe the economic transaction of the employment relationship, as the employee does not just offer work but can make varying degrees of effort. Behrend describes the effort–work bargain and the effort that an employee contributes as lying between *'the highest level which an employee can reach and the lowest one which an employer will tolerate'* (Behrend, 1988: 53). We need to get the best quality and quantity of work from an employee without exploiting them, recognizing that we represent the employer, the stronger of the two parties but also we have a long-term responsibility to protect the employer's reputation.

The employment relationship is incomplete; while many of the benefits received by the employee can be clearly defined, the detail of what the employee is to supply, the detail of what the employee should supply in terms of work, is not defined. For the employer the quality or even the amount of work to be provided is not clear. This is what is known as the indeterminate nature of the employment relationship. How intense the work is, the motivation and engagement of the worker, what the employer gets for payment, are not made clear. This indeterminacy of the employment relationship is the root of many problems.

Viewing the employment relationship as an economic transaction enables us to understand some of the motivations and needs of both parties, but it

does not provide all the answers. It fails to account for those employees who make an additional effort outside of their purely contractual obligations, as may be seen for example in the Charitable Sector or in the Healthcare Sector. Also a solely economic relationship implies that employers are interested in profit alone, or worse that they would exploit it for profit.

The legal perspective

As many intervening mechanisms for regaining balance in the employment relationship are legal in nature, it is appropriate now to review the legal perspective. According to the International Labour Organisation '*the employment relationship is a legal notion widely used in countries around the world to refer to the relationship between a person called an "employee" (frequently referred to as "a worker") and an "employer" for whom the "employee" performs work under certain conditions in return for remuneration*' (ILO, 2006: 3). Each party in the employment relationship has both rights and responsibilities that have a legal basis and the employment contract, whether written or oral, provides a formal and legal record of the agreements. The employment relationship only includes those with an employment contract (a contract of service), and excludes those workers such as the self-employed, who have a contract for services.

However an employment contract is in place, employees with varying types of contracts, for example part-time or fixed term, are viewed by the law as still having an employment relationship. The contract is unambiguous to both parties, or if not can be clarified by discussion and rewriting and the obligations contained in the contract can be remedied if the written contract is broken, because these obligations are explicit. Employees have some remedy for obligations that are unwritten and implied. These implied duties include the duty of mutual trust and confidence and the employee may, in certain circumstances, obtain this by resigning and claiming constructive dismissal.

The social perspective

The employment relationship also has a social perspective, (Sisson and Storey, 2000). Employees may work alone, but it is more common that employees work as part of a team – The WERS 2004 survey gives the percentage of employees working as part of a team as 72 per cent (Kersley *et al*, 2005: 20). In matrix organizations, where there are many different projects

in which employees participate, employees may be part of many different teams. Global working has also developed the use of virtual team-working, with modern fibre optic technology supporting rapid worldwide communications. This close proximity to a range of different employees makes collective bargaining possible and provides the environment for norms to become established clarifying acceptable behaviour in the employment relationship.

The fragmented employment relationship

It could be argued that these perspectives focus on the more traditional employment relationship. Yet, the proliferation of atypical working contracts has moved the employment relationship from standard and traditional to alternative and fragmented.

Outsourced work can result in a weaker connection with the employer, particularly when outsourced through the transfer of employment from one employer to another. For example, when an organization wins a tender to provide cleaning services in the public sector, often the employee may have loyally carried out tasks for many years in the same environment and with the same team, but may have had a number of different employers. Or they may work with others who have other terms and conditions under another employer. This leads to a fragmented relationship, where loyalty was with a previous employer.

The employment relationship has always been indeterminate, but this diversity and complexity of employment is likely to continue to fragment the employment relationship, making it harder for Employment Relations specialists.

The employment relationship is a key concept in Employee Relations. In practice we may focus on the economic and legal aspects of the employment relationship. This leads to a transactional relationship in which terms and conditions are enforced. To overlook the social aspect of the employment relationship is to overlook the effect of employee interactions at work, whether they are to moderate or intensify expectations of employees. It also overlooks the other motivational factors that influence employee engagement and contribute to an individual's higher productivity, lower absence and retention in the organization. The following case studies take a look at the employment relationship within a challenging economic environment.

CASE STUDY   The future of employment relationships in the UK

The Taylor Review of Modern Working Practices (2017) was commissioned to review policy and practice of work in the UK. The seven-point plan and recommendations may form future legislation but are yet to be evaluated by Government. The seven-point plan, a set of principles on which the recommendations are based, is summarized in the following three points:

- The UK national strategy for work should be explicitly directed toward the goal of good work for all. The same basic principles should apply to all forms of employment in the British economy – there should be a fair balance of rights and responsibilities, and taxation must be more consistent across employment forms.

- Those working using digital labour platforms should be protected, and it should be easy to distinguish the difference between worker (named in the report as "dependent contractor") and self-employed. Dependent contractors are the most vulnerable to exploitation and so it is necessary to provide additional protection and stronger incentives for organizations to treat them fairly.

- The future of better work is not regulation but improved employment relations. All should feel that they are able to progress in work, and there should be a proactive approach to health in the workplace. Finally, the National Living Wage is effective but sectoral plans should be put in place so that individuals can progress out of low-paid jobs.

Many of the recommendations in the report improve clarity of employment status, with clearer statutory tests, improved communication of rights through a written statement of particulars for dependent contractors (currently required to be given to employees only) and clearer alignment of tax law with employment status. There are also recommendations on minimum wage and sickness pay. All these recommendations support clarity in the employment relationship. To date (2017), what actually becomes incorporated into employment law and the subsequent influence on the employment relationship are yet to be seen.

SOURCE (Taylor, 2017)

CASE STUDY Comparing Germany and the USA

Context: Germany's industrial relations system was shaped post World War II in the West German mining, steel and metal industry and then transposed to East Germany at reunification. It is based on strong union membership and close trade union–works council relations. Transferring the model to East Germany, with more SMEs and less large-scale manufacturing, has been challenging, reflected in lower Trade Union membership in the East.

Other challenges to the strong trade union model have been the increase of the private sector service sector and in female workers, along with the proliferation of non-standard forms of employment.

Market economy: As a coordinated market economy, Germany has a reasonably high level of trade union membership (though this has declined more recently and is at 17.7 per cent in 2013), within a strong manufacturing section. Work councils provide organizations with the opportunity to enable cooperative decision making with employees. The pillar of Germany's system of skill training is a dual vocational education provision through vocational schools and apprenticeships for industry-specific skills.

Employment relationship: A more regulated, longer-term employment provides opportunity to develop a relationship with their employer.

Context: The USA's labour market has been formed by extensive immigration. Whilst there are a number of MNCs (33 per cent of jobs), the predominate type of firm is the SME (67 per cent of jobs), with the service industry as the main sector.

Market economy: As a liberal market economy, the USA has a low level of trade union membership (11.3 per cent in 2013). Employment is often temporary, allowing for a mobile and flexible workforce – without formal contracts these workers have little protection and can be fired with ease. Whilst there is vocational training, there is no right to access to it, and there is reliance on formal education. There is no requirement for work councils or other worker representation and it is not commonplace in the USA.

Employment relationship: The flexibility provided in the USA makes developing a good employment relationship challenging. But the lack of regulation allows the development of a variety of employment relation processes in different organizations, which may suit the circumstances of potential employees better.

SOURCE (Brown, 2014 and Kraemer, 2015)

The psychological contract

Whilst the written legal contract makes clear the obligations and rights of both parties in the employment relationship, it does not fully describe that relationship. Psychological contracts are the beliefs or expectations that people hold about the terms and conditions of their employment relationships (Rousseau, 1989). They are implied rather than written down and are based on the perceptions of both parties about their obligations. And yet, even being just implied rather than expressed they are no less important as they may be the reasons why an employee leaves and we as HR professionals need to find a replacement.

Rousseau (1989) goes on to review two types of psychological contract. The transactional psychological contract, also described by MacNeil (1974, 1985), is short-term and self-interested, with little loyalty or commitment given by either side. For example, the employee is not committed to work long hours but may do so if they are paid highly – this is interesting if we reflect on liberal market economies where hours may be long, yet pay competitive. This may be as a result of the need for work rather than commitment to the organization. The alternative is the relational psychological contract, which is long-term, with strong commitment and loyalty from employees. From an employer's perspective, organizations would like to have in its key roles fully engaged employees with a strong relational psychological contract.

It is thought that the psychological contract has changed dramatically as job security has become less available in modern working life; many employers nowadays find it difficult to offer job security. This has had a negative impact on employees' attitudes and there is a real challenge to re-establish commitment (CIPD, 2017b).

The psychological contract is pivotal to Employee Relations and this is particularly true if it is broken, when we as HR professionals have to manage grievance proceedings. Though the psychological contract can be broken by either party, it is more relevant in Employee Relations to look at the violation of the employee's contract. Rousseau (1995) suggests three situations in which the psychological contract may be broken:

- when the employee's psychological contract may have been broken unintentionally by the employer through misunderstanding;
- when the employer is unable to meet their obligations; or
- when they are unwilling to meet their obligations.

What is important is the perception of the reasons for the breach and research by Dulac *et al* (2008) takes this further. In the event of a breach, the

employee will experience emotional distress, may lose both trust and commitment to the employer and may even choose to leave the organization. However, where employees have prior experience of support and the relationship with the Line Manager is good, employees will experience less negative response. This is particularly important as employees experiencing breach may lose trust but they are less likely to leave.

Without trust in the employer the employment relationship becomes transactional, focussed on self-interest and likely to be short-term. Employees are not committed to the organization and need to be rewarded or coerced. Then we, as HR professionals, spend more time devising reward mechanisms to pay employees to give their best, something they might have given with commitment to the organization without complicated and expensive pay systems.

An understanding of the psychological contract is important for anyone managing the employment relationship or dealing with employee disputes and grievances. Some employee grievances have a depth of feeling that may be difficult for those dealing with the grievance to understand. For example, removal of staff discounts in a school canteen or other preferential treatment refer to their status and value and is part of the psychological contract, far outweighing any possible financial loss.

The role of power, authority and managerial legitimacy in the employment relationship

Power is the capacity to direct the behaviours and decisions of others and it is what managers require to meet their objectives. Authority is '*the right to give orders and the power to exact compliance*' (McKenna, 2006: 461). Power is particularly important with organizations that accept that different groups and individuals will have different interests, needs and motives. For example, you as an HR professional may be interested in developing their skills in managing grievance and discipline, where your employer already has someone with this skill but needs someone to cover recruitment and selection. Another instance may be when an employee may wish to work at one location, with one particular Line Manager, as it is near their home and the Line Manager has low demands on the employee. However, the organization may need the employee to change the place they work and work for a more demanding Line Manager.

Employers have the power to make their employees complete their tasks, but it should not be through coercion. Power through threat of punishment gains only short-term compliance. There are other types of power that

a manager can use (Raven and French, 1959). Managers have legitimate power due to their position and they can also use reward. Experts, not just managers, have power to influence others through their knowledge, skills and expertise. For example, in the pharmaceutical and technology industries expertise is particularly highly recognized and employees may be responsible for their own group of clients.

The legitimate authority to command is contractually established (and supported by law in terms of implied duties of employees). Outside of contractual agreements, the authority to command is described by Weber *et al* (1947) as legal-rational authority. Further discussion on authority covers charismatic authority (such as Obamba) and traditional (inherited authority) as provided by birth to royalty.

Each person has their own interests at heart. They may be motivated to achieve the organization's goals but also want to have their own needs and interests met. To do this they use a range of techniques – this is known as internal politics. When they have a position of authority and their objectives match those of the organization they may be able to use legitimate power. However, at times managers and employees use political methods to meet their interests. Political behaviour, the use of underhand methods to meet personal needs, is more apparent when resources are scarce or under threat (Ferris and Kacmar, 1992) or there is a low trust culture (McKenna, 2006).

Power, authority and internal politics are very relevant to managers and HR professionals. The misuse of power and the abuse or disrespect of authority is at the root of many discipline and grievance issues and the use of political behaviour can disrupt any plan. It is helpful to recognize the gatekeepers to resources and knowledge who have the key power positions. By recognizing that political behaviour may be more prevalent in times of uncertainty, we can ensure that communication is clear, relevant and comprehensive.

CASE STUDY   Aeroparts

Aeroparts in the Midlands, UK, employed 350 people, principally skilled employees such as engineers and technicians who were difficult to replace, to design and manufacture sophisticated civil aerospace systems for customers such as Boeing and Airbus. Its labour market was cyclical, expanding as increased flight passenger numbers led to increased aircraft orders and contracting as recession hit. Despite this manufacturing industry being highly

unionized, the sector was used to being subject to periods of redundancy in light of its cyclical labour market.

In the early 1990s it was part of a medium-sized company taken over in a hostile bid. Local managers generally had autonomy so long as financial targets were met. There was no central guidance on union recognition, and Aeroparts, following takeover and the redundancies of about 180 employees, decided to de-recognize trade unions and introduce a non-union employee council. This was clearly opportunistic, using coercive power, as the large-scale redundancies (at just under a third of employees) meant that the employer had the power to alter industrial relations with little fear of resistance; the redundancy of all active shop stewards also limited opposition – they were given compensation to prevent possible tribunal claims. As other subsidiaries still retained unions, the overall MNC could be viewed as 'double breasting': having unions in those subsidiaries that are very resistant to this change whilst obtaining greater flexibility and management control in non-unionised subsidiaries.

The shop-floor was opposed to the introduction of the employee council and for four years did not elect representatives (an example of negative power). Issues in the employee council either were rarely resolved or took a great deal of time; the shop-floor employees felt that communication through it was generally ineffective and that it was weak. The office staff were slightly more positive, but there were issues over representation, and it did not resolve issues of trust amongst management, office and shop-floor staff.

Whilst the decision to let the employee council negotiate on pay has been a positive one, the loss of the ability to strike has been hard-felt by shop-floor staff in particular. In many ways the opportunist removal of union representation could be viewed as a move from a modern sophisticated management style, which accepts unions, to a traditional approach, which does not (Purcell and Sisson, 1983). Management may argue differently, using Purcell's 1987 model to explain how it has maintained a collective voice, albeit without union representation, and that it does still expect a range of different views, taking a pluralist approach to employee relations.

SOURCE (Lloyd, 2001)

The key contributors to employee relations

SMEs play an important role in most European economies. Wilkinson (1999) reviewed employment relations in SMEs in the UK. He described small harmonious working environments, small firms with a family atmosphere,

but also firms that were authoritarian and dictatorially run. The variety of employment relations is also influenced as SMEs grow and need more formal processes and structures.

Owing to their size, MNCs also play an important role. The success or failure of one product line can have an adverse effect on the economy – this was apparent when Nokia (based in Finland) was taken over by Microsoft (based in the USA). Whilst MNCs may wish to replicate the employment relations in their home country, they may not be able to do so; because they must conform to the regulations and institutions of the host country, they need to take a contextual approach to employment relations. However, their preference for home country employment relations can significantly add to the diversity of employment relations in the host country (Katz and Wailes, 2014).

Employees and employers are not the only contributors in the employee relationship. Both parties have representation or/and advice from particular agencies, be they a Trade Union or Employer Association. There are also national, European and international bodies that influence the employment relationship.

Trade Unions

The role of Trade Unions is to define, promote and represent the interests of its members, in particular through collective bargaining. According to Unite, the largest Union in the UK, it 'is dedicated to serving the best interests of its members, protecting workers' rights and improving the quality of life by negotiating with employers and government' (Unite, 2012). In the UK the Donovan Commission (*Royal Commission on Trade Unions and Employer's Associations 1965–1968*, 1968) identified the legitimate functions of Trade Unions. These included collectively bargaining over terms and conditions, representing individual employees at grievances or disputes, lobbying (on a range of social and political issues) and influencing Government policy.

The right to associate (to join a Trade Union) and to collectively bargain is voiced in conventions C87 and C98 of the International Labour Organization (ILO, 2016a). These two conventions are core to the ILO and have been ratified by 151 countries and 161 countries respectively. This means that these countries endorse the conventions, recognizing both the right to associate as a member of a Trade Union, and to use that Union to collectively bargain. Some of the few countries that have not ratified these conventions include China and Saudi Arabia, the USA and Iran (ILO, 2016b).

This means that Trade Unions can legally exist across a range of countries and it is as a result of a broad acceptance that employees have interests that need collective representation (Gumbrell-McCormick and Hyman, 2006). This may seem inconsistent with the decline in Trade Unions but collective representation may not always be through a Trade Union. For example, in Germany, where the concept of 'social dialogue' has resonance, there is a dual system of representation with the use of industry-based Trade Unions and Works Councils.

In the UK Unions can be occupationally-based (such as the Royal College of Nursing or National Union of Teachers) or more commonly general and open to all (such as Unite). Each Trade Union consists of its members, who pay a subscription, and a Union representative, who is elected by the membership to represent them to management. The national structure of a Trade Union consists of a national headquarters, with a General Secretary and Executive Committee, and Regional or/and local offices.

Employers' Associations

Individual employers may be represented by Trade or Employer Associations. In the UK, an example of this is the Engineering Employers Federation (EEF), which is the Employers' Association for manufacturing. Its role is to lobby both nationally and internationally on behalf of manufacturing companies. It provides legal advice and support, along with training and publications, both reporting on critical issues affecting the manufacturing industry and guidance on best practice. An HR professional in an engineering company may contact the EEF for up-to-date advice on employment law. Whilst Employers' Associations have a role in other countries, their roles may differ. For example, in Germany they have a more active role in collective bargaining

The Government

The primary objective of Governments is to manage the economy, ensuring a high level of employment, steady growth and low inflation. Governments provide a legal framework in which the employment relationship exists, but takes account of their economic objectives. The framework provided may be influenced by past history and national values, past laws and the political persuasion of the party in power. The Government is also an

employer in its own right. In the UK the Government employs staff in areas such as the civil service, in central and local Government, in the NHS and in education.

UK National Bodies

There are both employer and employee representative bodies, along with other agencies, that influence the communication between both parties.

The Confederation of British Industry

The main role of the Confederation of British Industry (CBI) is to represent business and industry at a national and international level and it has a powerful lobbying and campaigning role. It represents over 190,000 businesses of all sizes (CBI, 2017). The CBI carries out economic surveys and reports on business-related issues to keep its membership updated on the key concerns.

The Trade Union Congress

The Trade Union Congress (TUC) is the UK federation of Trade Unions. It provides training for Union representatives and attempts to manage any clashes between Unions. It represents the majority of Trade Unions and lobbies Government to support working people and campaigns on those economic and social issues that affect its membership. Internationally, it represents UK employees within the European Union and beyond. Finally, it carries out research on employment-related issues.

The Central Arbitration Committee (CAC)

Whilst an employee can be a member of a Union, the Union can only represent employees collectively to a particular employer if it is recognized by that employer. Union recognition is the process by which a Union establishes that it can collectively bargain for its members.

   The Central Arbitration Committee is an independent tribunal which works towards the resolution of collective disputes concerning representation. Whilst employers can voluntarily recognize Unions, if there is a dispute concerning the recognition of a Union for collective bargaining or the bargaining unit, the CAC may be asked to adjudicate. It also has jurisdiction over the release of information concerning collective bargaining.

The Certification Officer

The Certification Officer is responsible for ensuring that Trade Unions (and Employer Associations) are compliant with statutory requirements and

manage their funds appropriately. The Certification Officer has an important role in ensuring that Trade Unions are independent. If a Trade Union member believes that the Trade Union has breached its rules, the member can apply to the Certification Officer to make a decision on the complaint. If the complaint is successful then an enforcement order can be made.

The Advisory Conciliation and Arbitration Service (ACAS)

The Advisory, Conciliation and Arbitration Service (ACAS), was established by the Employment Protection Act 1975 to provide third party dispute resolution services. It is funded by the Department for Business, Energy and Industrial Strategy (BEIS) but is totally independent of the state. It is governed by an independent Council of 11 members all with extensive experience of Employee Relations, from areas as diverse as Trade Unionism, the CBI, business, education and law. The Council leads the strategy and ensures that ACAS meets its objectives while managing public funds prudently.

The role of ACAS is to provide advice to employers on good Employee Relations practice, to promote good practice through training and through its publications and Code of Practices. It promotes three dispute resolution methods, conciliation, arbitration and mediation. We will be looking in detail at mediation in chapter 5 but here will provide a brief definition of the two other methods.

ACAS provides conciliation for all claims to Employment Tribunals and also conciliates in collective disputes. It is a voluntary process in which ACAS conciliators explore the reasons for the dispute, explain each side's position and negotiate an agreement. Arbitration is when an independent person is asked to have an impartial review of the case and will make a decision which is held to by each party.

European Bodies

There are a range of Bodies involved in the employment relationship and Employee Relations at the European level. These might be representative of employers or Trade Unions or take a specific role in the forming of employment legislation.

Firstly European bodies will be discussed before going on to review the role of international bodies and their influence on Employee Relations. We understand that the present political moves towards Brexit influence representation at EU level.

Employee Representation in Europe

In Europe, employees are represented by the European Trade Union Confederation and occupational Trade Union Federations that provide an occupation-specific viewpoint at the European level.

The European Trade Union Confederation (ETUC) is the voice of Trade Unions within Europe – those countries in the EU, the European Economic Area or the Single Market. This includes countries such as Switzerland and Iceland. Whilst its membership includes national Trade Union confederations, such as the TUC, it also includes European occupational Trade Union federations, such as the European Confederation of Police (EUROCOP) and the European Confederation of Public Sector Unions (EPSU). The ETUC has an important role in influencing European policy and legislation, through its work with the EU Council, Commission and Parliament. It also has called for 'social dialogue and collective bargaining to be strengthened across Europe' (ETUC, 2017).

Employers' Representation in Europe

Business Europe is the main representative body for businesses and industry in Europe and it represents business interests to the European institutes with the aim of ensuring corporate competitiveness (Business Europe, 2016). Its membership consists of the Business Federations of European countries, such as the CBI.

The European Association of Craft and Small to Medium-sized Enterprises (UEAPME) represents the interests of smaller organizations. It monitors European policy and legislation and represents its members' interests to the EU institutions (UEAPME, 2017).

The European Centre of Employers and Enterprises providing Public Services (CEEP) represents Public Sector employers and as such its members are from a diverse range of industries from transport, to education and health. Along with Business Europe and the ETUC it is recognized as part of the European Social Dialogue, by which it can influence the development of new European legislation and policy.

Key International Bodies

With the increase of globalization, we often find ourselves responsible for the HR issues of employees in different countries. Multinational corporations may have sites in different countries: for example Apple Inc. has its headquarters in California, in the United States, with subsidiaries in Luxembourg, Ireland, the Netherlands and Singapore, and IBM has 12

research and development labs on all six continents. Whilst it is outside the scope of this book to review the national Employee Relations systems and Trade Union workings for individual countries, an understanding of the influence of international bodies will support such professionals.

The International Labour Organization

The International Labour Organization (ILO) was established in 1919 and is responsible for introducing labour standards, with an equal voice for employers, workers and Governments. These standards are then ratified by its member countries, which means that they agree to incorporate them into law, with the help of the ILO if necessary. It supports both Trade Union and employer organizations in different countries, so promoting dialogue between employees and employers.

Global Union Federations

There are eleven Global Union Federations, and these are occupationally based: for example, the International Transport Workers Federation (ITF), which represents transport workers in 148 countries. Global Union Federations represent the national Unions within that sector. They have an active role in supporting national Unions, as the following case study shows.

CASE STUDY   Two reports on the ITF global role

Supporting vulnerable workers in Kenya

Boda Boda are motorcycle taxis and Tuk Tuks are three-wheeled taxis. The Kenya Boda Boda, Tuk Tuk and Taxi Workers Union attempted to become a formal union to support this informal working. Tuk Tuk and Boda Boda are forms of taxis for those in a hurry, and it is a '*highly competitive environment*' (Business Daily, 2009).

The first application for Trade Union registration was rejected as there was no clear employer–employee representation. The appeal was supported by the ITF, in that to '*leave informal workers to their own devices, results in their exposure to the extortion of black-market organized gangs, and exploitation by cabals of informal business owners.... Organization assists the informal workers in bridging the gap in terms of social protection, with the formal economy, while ensuring the informal economy which is driven by a grey labour market, does not slide into the clasp of a black-labour market*' (National Council for Law Reporting (Kenya Law), 2017).

According to the appeal, many employers of such transport provision are civil servants. The global practice was also to support organizations (trade unions) within the informal sector. The general secretary of the Kenya Boda Boda, Tuk Tuk and Taxi Workers Union said: '*We are so grateful to the ITF for helping us achieve this breakthrough, which will bring real benefits to Kenya's informal transport workers*' (International Transport Workers Federation, 2017a).

ITF concerned Unions in Turkey

A second report from the ITF warns about the risk of repression of unions in Turkey (International Transport Workers Federation, 2017b). This report was based on the prevention of the ITF from meeting imprisoned union representatives, threats to employees wishing to join a union and attacks on picket lines. This is in the context of the political situation in Turkey.

CASE STUDY   ITUC Global Rights Index 2017: Violence and repression of workers on the rise

In which countries is it dangerous to be a trade unionist? According to a report from the ITUC (2017a), countries such as Sweden, Norway and Italy, and Uruguay, are classified as grade 1 and do not regularly violate worker rights – so it is safe to be a trade unionist.

The report categorizes the interference and repression of workers, with grade 1 being allocated to countries where employees' rights are generally guaranteed and they can freely associate and defend their rights, and grade 2, where countries may have slightly weaker rights. For grades 3 and 4, countries may allow interference with employee rights by companies and/or Government. Grade 5 is allocated to countries where there are unfair labour practices and limited or no access to rights, and grade 5+ is assigned where, due to unrest, law has broken down and access to rights may not exist.

According to this report, the Middle East and North Africa continues to be the world's worst regions (ITUC, 2017a). In Zimbabwe, '*The Zimbabwean government threatened to fire doctors striking to demand better salaries and working conditions during a two-day strike action between 15–16 February, 2017. The management of Parirenyatwa Group of Hospitals issued a memo announcing that any doctor who joined the strike would be removed from the duty register and pay roll. These tactics have been followed in a number of other central hospitals. The Ministry of Health was instructed by the government to compile names of*

doctors who joined the strike' (ITUC, 2017a: 59). In Qatar, the kafala system persists and the right to freedom of association and to collective bargaining with unions is still banned for immigrant communities (ITUC, 2017a). However, there have also been some improvements, notably in Chile and Costa Rica where changes have been made to law to protect against anti-union discrimination (Costa Rica) and freedom of association.

The report put the UK in the grade 4 category, with systematic violations of the rights of employees. Examples of interference from business or Government included the derecognition of Unite for The Samaritans (Unite, 2013) and the interference of the University of Exeter in 2013 which offered a 2 per cent pay rise to staff but it was dependent on their agreement to withdrawn from national pay bargaining (ITUC, 2017b).

As we know already, liberal market economies will tend to deregulate, and more co-ordinated market economies are likely to have better employee rights and laws to protect the freedom to associate and protect rights.

International Trade Union Confederation (ITUC)

The International Trade Union Confederation (ITUC) is the main international Trade Union association representing working people. It represents 181 million workers in 163 countries and territories and has 340 national affiliates (ITUC, 2017c). It works closely on policy developments with the ILO and the United Nations, with such broad priorities as eliminating slavery and preventing exploitation of domestic workers.

The contribution of some these national, European and international bodies is to support the different parties in the employment relationship, supporting and promoting the particular party they represent to policy makers. Others bodies provide advice and support to both parties or support Governments to make appropriate legislation, with the aim of protecting any vulnerable party, to reduce conflict and to ensure the smooth running of the employment relationship.

Involvement and participation

We, as HR professionals and Line Managers, need to use our skills to engage employees and support the employment relationship. Practices that involve employees and provide information that enables them to participate in decision-making will help us create a more engaged workforce.

Involvement

Employee involvement describes a wide range of practices and 'concentrates on individual employees and is designed to produce a committed workforce more likely to contribute to the efficient operation of an organisation' (Gennard and Judge, 2016: 219). Involvement practices aim to produce a committed and informed workforce, which identifies with the goals of the organization and is well-equipped to face the rapid pace of change. Its core methods are communication and consultation.

Communication is the activity of passing information, and employers pass information down to employees using a range of techniques (Table 1.2).

Employers communicate downward to employees to pass on instructions, inform employees about rules and policies, to make announcements or explain plans. Without timely formal communication from the employer, gossip and rumour fills the gap with misinformation and conjecture. These are destructive as they waste time and often build on fear and uncertainty. In such a working environment it is difficult to foster trust or engage staff.

Information can be passed upwards during appraisal meetings, and through satisfaction surveys or suggestion schemes. Upward communication is vital to a modern organization which needs employees to notify them of potential problems and issues to solve. They need employees to provide innovative ideas and solutions to problems, and finally they need employees' involvement in decision-making. However, this is the area which organizations find the hardest to manage. The effectiveness of upward communication depends on the state of the employment relationship and whether trust exists sufficiently for employees to risk becoming involved.

TABLE 1.2   Techniques for downward communication, adapted from ACAS (2014a) Employee Communications and Consultation

Indirect, written methods	Direct, face-to-face methods	Electronic methods
Company handbooks	Team briefing	Company blogs
Employee information notes	Staff meetings	Company video
In-house journals	Cascade networks	
In-house bulletins	Interdepartmental meetings	
Notice boards	Large-scale meetings	
Letters	Management by walking around	

To cover involvement completely, it is necessary to finish by mentioning consultation. This has a foundation both in the Information and Consultation of Employees Regulations 2004, and the Trade Union and Labour Relations (Consolidation) Act 1992. Consultation is the discussion with employees or their representatives about issues that concern them, in order to seek agreement. Consultation does not require the employer to take the views or opinions of employees into account. However, an exchange of views must take place and it must be carried out in good faith.
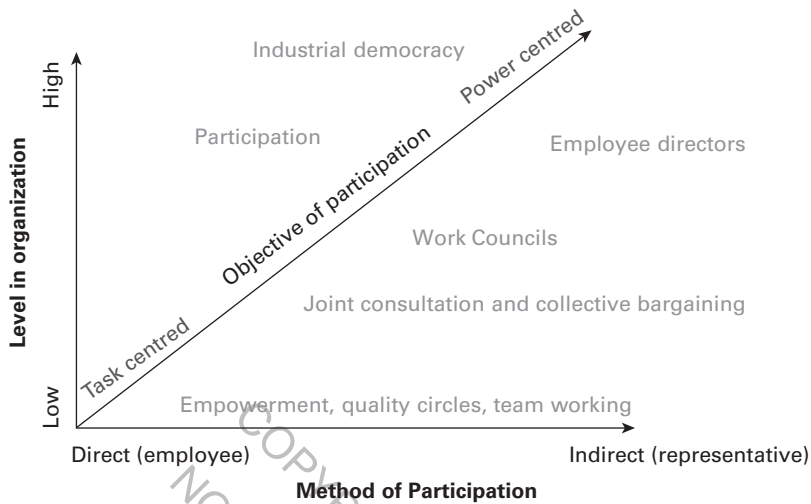
Participation

Participation is made up of a range of methods '*which enable and at times empower employees, directly or indirectly, to contribute to the decision-making of the firm*' (Redman and Wilkinson, 2009: 406). This remains a contemporary approach to participation, despite the emergence of the term 'employee voice'. This is because, whilst voice implies an opportunity to speak, participation allows a more active role for employees, focusing on influencing change. Some definitions restrict participation to schemes of collective participation (Hyman and Mason, 1995) and there is some academic dispute about terms, but it seems appropriate for the practical use of Human Resource professionals and Line Managers to withdraw themselves from academic disagreement and to choose a definition which helps them to implement participation in their own organizations.

Modern participation is a long way from Taylor's Scientific Management (1911), when it was viewed as contemporary to reduce tasks down to the minimum so that employees became highly skilled at one particular, routine repetitive task. Now there is a better understanding of the motivation of employees, and there is an attempt to link this to increased effectiveness and productivity. The modern employment relationship also provides scope for both collective participation and individual participation.

When looking at the different approaches that could be used to enable employees to participate, Salamon (2000: 373) provides an effective approach, showing that greater employee control, such as European Works Councils (EWC) and Employee Directors, provide greater participation (see Figure 1.1).

Whilst individual methods will be discussed later, it is important here to take a broader view. One of the key aspects that influence the effectiveness of participation schemes is the commitment that is made by the organization to true participation – the presence of a scheme alone is not sufficient (Marchington and Kynighoe, 2012). There is also a trend in the UK towards

FIGURE 1.1   Methods of Participation adapted from Salomon (2000)

direct participation rather than representative participation (Kersley *et al*, 2005: 13–14) despite the legislative foundation for the latter in terms of European Works Councils. This may indicate a concern that indirect participation may reduce the responsiveness of organizations, but the Information and Consultation of Employees Regulations (2004) stipulates a legislative framework for collective consultation at the very least.

Employee voice

Employee voice is the two-way communication between the employer and the employee. Often communication can seem to be one way, but employee voice is listening and acting on what has been heard so that employees can influence decision-making.

With the decline of Union membership enabling employees to have a voice has increasingly become an issue. With a powerful collective voice employees had a means to be heard and to influence decisions, and also they had the security to speak anonymously. But now, increasingly, individual employees need to be able to represent themselves, they need to be fully aware of the issues so that they can act constructively in their comments and discussions.

Society's approach to voice has changed, and it is in general a more assertive and able workforce that now represents itself. But there are a number of assumptions in this self-reliance. It assumes that:

- the individual employee has the power and influence to make their own voice heard without any further implications for their job security;
- management wishes employees to voice opinions; and
- employees can be and wish to be empowered.

It is necessary to define the scope that an individual voice covers. At one extreme the employee may wish to voice a grievance, to articulate dissatisfaction and at the other extreme employees may wish to contribute to management decision-making or be involved in an Employee Forum (Dundon and Gollan, 2007). Therefore, employee voice may include participation or involvement, at one level with a complaint about an issue that directly affects them or at another by contributing to decision-making. It is the ability of employees to communicate their viewpoint, to be heard and to influence decision-making.

At a fundamental level employee voice has a close relationship with procedural justice – the right to procedures of both grievance and appeal. The availability of voice to enable involvement in decision-making can influence employee engagement. Both facets of employee voice are important if employees are to be engaged and productive.

Conflict

Conflict occurs when the different parties perceive a threat to their needs or interests. Conflict is the struggle to ensure their needs or interests are met. Whenever possible the parties attempt to maintain co-operation as their future depends on working together. However, there are times when conflict occurs and this can be a conflict between individuals, an individual and the organization or collective conflict between a group of employees and the organization.

Cooperation in the workplace

Employers and employees unite in the interest of organizational survival and job security. Employees ultimately need to have secure employment and they depend on their employer for this – they need to be sure that they can bring home a regular salary. The employer depends on the employee for their skills and effort in order to keep the organization profitable. Compliance, the

following of rules, is not adequate as it is harmony at a cost, obedience without thought. Therefore, all things being equal, co-operation achieves the goals of both employer and employee. This is not the same as the employee complying with the direction of management as this does not have the engagement with the employer that cooperation has.

Mutuality and fairness

The legal contract defines the mutual obligations of the employer and employee. Mutuality describes the reliance of both parties on each other, an interdependence or partnership. Employees need payment to maintain a standard of living for them and their families, and conversely employers need to produce goods or services. Therefore, there is a mutual interdependence on one another.

Employees expect to be treated fairly; that the treatment is legal, as described in the employment contract and according to employment statute and case law. They do not expect the contract to be broken. They also anticipate that their expectations, as perceived in the psychological contract, will be met by the employer and that the psychological contract will not be violated. If the employees' expectations are not met then those who believe that they have been treated unfairly will often respond by reducing their work performance and their commitment to the organization (Colquitt *et al*, 2001).

Fairness is the perception of being treated equally along with other colleagues. Justice is the right of an individual to what they perceive they are due. For example, an employee may believe that, because of their exceptional skills and knowledge they are due a higher salary than others in the team. However, others may not agree and see this as unfair because payment is unequal.

There are four types of justice that apply to the employment relationship:

- **Distributive justice** is the perceived fairness of the allocation of rewards. The example above, which discusses justice in relation to pay, refers to distributive justice.

- **Procedural justice** relates to the fairness of the procedures used, and employees evaluate the fairness against a number of criteria. These include how the organization selects managers in the process, the method used to collect information, how the decisions are made, and whether there is access to an appeals process (Leventhal, 1980). An employee may perceive a procedure as unfair if there was no ability to appeal a decision.

- **Interactional justice** relates to the relationship the manager has with the employee and fairness within the supervisory relationship. This could

include the manager's dishonesty, invasion of an employee's privacy, disrespectful treatment and derogatory judgements (Bies, 2001). An employee may accept a low pay rise if they are given a clear explanation and treated with respect by their Line Manager.

- **Informational justice** refers to the transparency of information about the process. Some employers make sure all procedures are clearly explained on their intranet site.

Stages of conflict

There are three views of conflict – unitarist, pluralist and interactional:

- **Unitarist** views of conflict dictate appropriate employee behaviour: conflict is viewed as disruptive and disloyal and Union activity is opposed.
- **Pluralist** views accept that employees may have different values and divergent goals, with acceptance of the Trade Union role and the need for compromise.
- **Interactionist** views accept conflict as this encourages innovation and helps the organization to respond to change quickly (McKenna, 2006).

However, conflict is not a comfortable state for employees – in fact, conflict has been defined as '*differences in ideas and opinions, which give rise to tension among the group members*' (Ayub and Jehn, 2011). This hints at the first facet of conflict, which is its role in innovation, something that we as HR professionals should encourage. But conflict has many different aspects, and a further definition describes conflict as the process of frustration of an individual's or group's goals by another individual or group (Thomas, 1992). This clearly accounts for the involvement of internal politics in conflict, as do Appelbaum *et al* (1999: 62), who describe conflict as '*a process of social interaction that involves a struggle over claims to resources, power and status, beliefs, preferences and desires*'. This struggle will be familiar to us and is clearly apparent in the working lives of employees and managers. Whether a conflict over operational issues, frustration over the timescale of a project or over budgetary resources, conflict is natural and we should help Line Managers to manage it.

It is in the management of conflict that we may struggle because employees' responses are primitive and can be emotional. It is therefore helpful to determine the different stages that a conflict may go through. Often we only become aware of conflict at the escalation or stalemate stages and they are often involved in supporting employees through to the negotiation stage. Perceptive Line Managers may recognize the latent stage of conflict, when

there is, for example, perceived unfairness or lack of resources, and they may intervene to resolve if possible any causes of conflict, or if this is not possible to provide an explanation for the situation.

FIGURE 1.2   Conflict Stages adapted from Brahm (2003)
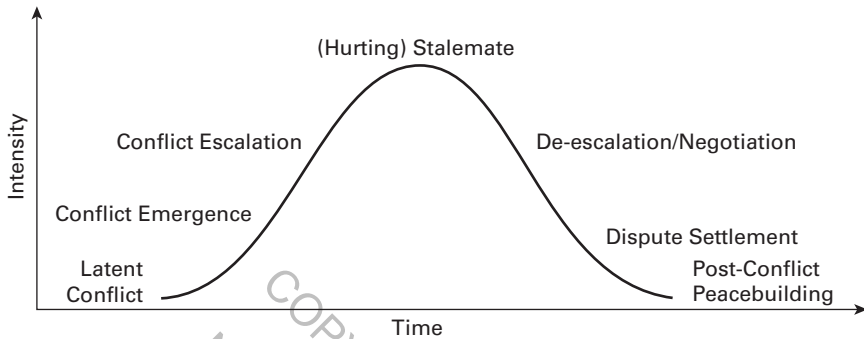
Causes of conflict

To start the process of analyzing the causes of conflict writers have found it necessary to classify the different types of conflict. This is helpful as it assists us to refer back to our experience of conflict. Both ACAS (2009a) and writers such as Jehn and Mannix (2001) have attempted to categorize conflict.

According to ACAS (2009a) conflict can occur between individuals, between groups (intergroup conflict) or within groups (intragroup conflict). When it occurs between individuals it may be between colleagues or between a manager and an employee. Conflict can also be categorized into three different types (Jehn, 1997; Jehn & Mannix, 2001):

- conflicts over task;
- conflict over process; and
- difficult relationships.

This approach starts to analyze cause, which enables us to more effectively support resolution of the conflict. Task conflict is where disagreements occur over the content of the task, over the goals of the project and what needs to be done. Task conflict is natural and the result of people with different views working together – it can be positive as new and innovative ways of working can come about as a result. We don't usually find that these conflicts involve HR unless during this conflict issues over employee relationships become involved. Process conflict is where there are disagreements

over the allocation of resources or tasks – for example, if an employee feels that the tasks given to them are too great a burden or that they do not have enough time to complete the tasks effectively. This can cause resentment, as employees may feel that they are being asked to do the impossible. Finally, relationship conflict involves problems with the interactions themselves, where different personalities find it difficult to work together. These can cause difficulty for Line Managers and HR professionals as it can affect the performance of the department and lead eventually to employees leaving.

Mullins (2016) describes a number of causes of conflict, a list that is not exhaustive but includes differences in perception, scarce resources, different goals, interdependence of work, inequitable treatment and individual needs, attitudes or personality. There are other causes of conflict, such as when employees' behaviour conflicts with company policy, and also more relationship conflicts, such as talking over people or taking credit for other people's ideas or work. Many of these are relationship conflicts based on a lack of respect and different goals.

Forms of employee conflict and misbehaviour

Employees can act to foster their own interests or can honestly disagree with the employer. This informal action will be unorganized, not supported by a Union and is individually-driven. Such action may include absenteeism, reduced effort, withdrawal of co-operation or sabotage and the results of such action to the company range from minimal to catastrophic. Many organizations are most vulnerable to loss of information, as the case study below shows.

CASE STUDY   Case studies of sabotage

Sabotage as a form of conflict would be thought of as rare and in fact many employees are not in the position to sabotage anything of value to the employer, and if they were may also fear for their own position and any criminal charges that may be made as a result.

It can occur when an employee is being made redundant and feels that there is little to lose. In this case it can be either an act of self-interest, for example when files are taken so that an ex-employee can then use them to build a business with the employer's customers, or an act of revenge. Two examples of revenge, one at Omega Engineering and the other at Walt Disney, show the costs of such action.

At Omega Engineering, a computer-systems administrator crashed Omega's companywide server and stole vital backup files. Production ground to a halt. Despite the best efforts of a team of data recovery experts, Omega lost about $10 million and countless files.

At Walt Disney, an employee tampered with video release versions of the animated film 'The Rescuers', and embedded an obscene photograph in two frames. Disney responded by recalling 3.4 million videos.

Forman and Watkins (2009)

More often it can be disgruntled employees who, if for example have been passed over for a promotion, may claim discrimination. These claims may take valuable time as they go through formal internal processes but the disgruntled employee may make costly Employment Tribunal claims which, with legal costs, can be damaging to the company. They may threaten the employer's reputation and lead to the employer choosing to make a financial settlement with the employee rather than face an Employment Tribunal – unfounded claims can cost a company a great deal.

HR professions can protect the company by ensuring that procedures are transparent and decisions recorded, so that there is evidence that employees have not been discriminated against. They can make sure that employees that are at risk of redundancy are treated with respect and consideration so that there are fewer reasons for acts of revenge. Finally they can ensure that processes are put in place to protect the company, including restrictive covenants in employment contracts and removal of IT access when employees leave.

While the results of sabotage can be costly to an organization, it is an extreme and atypical response of an employee. More common forms of dissent are lack of engagement and effort, time wasting and absenteeism. These are also costly to the organization, and such informal disputes need to be resolved.

Collective Conflict

Collective disputes are of a different magnitude and often larger organizations have a disputes procedure in place. Traditionally in the UK collective representation has been through a Trade Union recognized by the employer, with disputes of terms and conditions being negotiated and compromises made. Section 178 of the Trade Union and Labour Relations (Consolidation) Act (1992) identifies the areas that are covered under collective bargaining. Where no agreement is made then there are options to involve third parties

to resolve the dispute. After third party resolution efforts have been made, if there is no agreement then a Trade Union may well resort to strike action.

The end of the employment relationship

An employee may choose to end the employment contract by resigning and an employer ends the employment relationship by dismissing the employee. Usually the other party is not ready for the employment relationship to end; it's rare that both parties are equally content to part company.

Dismissal

In the UK the employee, in general, has protection against unfair dismissal after two years' service. There are a number of different steps an employer must take to ensure a dismissal is fair and the first is to ensure that the reason for dismissal is a fair one.

According to section 98 of the Employment Rights Act 1996 there are five reasons that an employer can dismiss an employee and it is important to clarify the reason for dismissal. These reasons are:

- misconduct;
- capability;
- redundancy;
- legal restrictions;
- some other substantial reason.

Substantial misconduct is a common reason for dismissal and an employee will be seen as being dismissed for misconduct if their behaviour or actions have been unacceptable. Misconduct includes lateness or abusive language whilst gross misconduct refers to misconduct which is exceptional and will need to be dealt with severely. Gross misconduct can include actions such as financial fraud, dishonesty, disloyalty, violence or subordination.

There are two distinct strands of capability. One refers to the inability of an employee to meet the required quantity or quality of work through lack of skill, knowledge or aptitude. The second refers to absence from work due to long-term or frequent physical or mental illness. Capacity is an example of the effort–work bargain – if the employer is not able to obtain the expected effort from the employee, then the benefit gained from work is not sufficient and the employee will be dismissed.

Redundancy will be reviewed as a topic alone as it is a complex and common method of dismissal – the last two reasons are less common. Legal restrictions are restrictions on an employee's ability to participate in work. For example, a taxi-driver could be dismissed for a drink-driving ban as driving without a valid licence would contravene the law. 'Some other substantial reason' includes particular business needs and pressure from third parties, but is not a catch-all to enable employers to dismiss without meeting the fair reasons of section 98 of the Employment Rights Act 1996. In practice the first three fair reasons – conduct, capability and redundancy – are the most common.

There are reasons for dismissal which are automatically unfair and for these there is no required length of service. These reasons are extensive but are generally based on protecting the employee from perverse dismissal decisions. Automatically unfair reasons include dismissal as a consequence of (section 98B to 104F of the Employment Rights Act):

- taking jury service;
- refusing to work on a Sunday;
- discrimination due to pregnancy and maternity;
- other discrimination as stated in the Equality Act 2010 – protection against discrimination on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation;
- requesting parental leave, paternity leave (birth and adoption), adoption leave or time off for dependants;
- acting as an employee representative and Trade Union membership;
- seeking flexible working;
- seeking the minimum wage or requesting holiday or rest (Working Time Regulations);
- seeking to claim working tax credits;
- notifying the organization of a health and safety issue;
- making a 'protected disclosure' – notifying the organization or an appropriate person about an illegal or serious wrongdoing;
- being on a prohibited or 'blacklist'.

Employees are entitled to notice. The minimum is one week per years' service for the first two years starting at one month after the contract commences, with a maximum notice of 12 weeks (section 86, Employment Rights Act 1996).

Redundancy

The legal definition of redundancy can be found in section 139 of the Employment Rights Act 1996. The Act describes three circumstances when dismissal due to redundancy occurs. The first is when the redundancy is due to the employer ending its business, for example by going into administration. The second circumstance is when the employer is ending business at that particular site and the third circumstance is when work is either reduced or ceases altogether.

How to carry out a redundancy will be covered later, but at this stage it is necessary to clearly understand what redundancy is. It is the ending of a job or role rather than the dismissal of a person. If the role is unnecessary then the person carrying out the role must leave the organization – a redundancy. This is an important point as it attempts to reduce any rejection an employee may feel over the redundancy. However, the particular circumstances of the redundancy will also influence this. If the employer is insolvent and is either going into liquidation or administration then employees may believe that the role is being ended as the company is dissolved, no longer being a legal and functioning business; if the employee is the only one being made redundant then the interpretation of the situation is very different.

According to ACAS (2012), 'about 150,000 workers in the UK are taking voluntary redundancy or being made redundant every three months – and that trend has been constant for the past 12 months as the nation wrestles against the economy's downturn'. Redundancy is a common experience for many in the UK.

Conclusion

Whatever stage in the employee cycle we are involved in, and whether we are a Recruitment and Selection Specialist, an HR Administrator, a Business Partner or HR Generalist, when we relate to employees or support Line Managers we are likely to be involved in Employee Relations. An understanding of best practice helps us to manage this effectively. We need to encourage Line Managers to talk with and listen to employees and to involve them by asking for their ideas and suggestions. An understanding of power and the psychological contract, along with conflict, helps us understand why disputes and disagreements occur and how best to resolve these. So our actions influence Employee Relations, for example, when we listen to an employee grievance, prepare a contract or support reward strategies that engage employees.

In this chapter we have had to bring in some theory to explain Employee Relations. In the following chapter we will explain in more detail why an understanding of Employee Relations is important.

CASE STUDY   The role of other civil organizations in Employee Relations

With the reduction of Union membership and the need to support employees who do not have a Trade Union to represent them, the profile of voluntary organizations, such as the Citizens Advice Bureau (CAB) has increased. The CAB provides widespread support for the community, including advice and information to individuals on benefits and those having problems with managing debt, and caters to a growing demand for employment advice in the community (CAB, 2013). CAB provides advice and support for line managers managing grievance and disciplinary actions and, where necessary, to those making Employment Tribunal claims, on some occasions representing employees.

Then there are voluntary organizations with a more specialist remit. Organizations such as SCOPE and Carers Trust provide support for disabled people and carers, respectively. As the needs of their membership may cover a wide area, both organizations need to provide advice and information on this wide variety of issues. SCOPE has a 'Diversity Works' initiative to encourage employers to employ people with a learning disability and Stonewall has Diversity Champions, both providing support to employers on discrimination.

The role of these voluntary organizations extends beyond the advice they give to employees, and organizations such as Stonewall and Carers Trust may have a lobbying role. Though this is not looking at individual voice, it provides a national voice to Government in terms of their membership.

Heery *et al* (2012) discuss the role of these types of organization as being deemed able to access both legitimate and expert power. These organizations are able to take a moral standpoint, so their argument when lobbying is strengthened. One of their strengths is their ability to work with other organizations in their campaign to improve working conditions. For example:

One of our strengths is working in alliances, we have really good relationships with all sorts of quite diverse organizations, because of the nature of home-workers there are lots of different angles; it's a women's issue, it's a low pay issue, it's a poverty issue, it's an employment rights issue, it's an international issue, so we make lots of different connections.

Abbott *et al* (2012: 96)

In some respects pressure groups and voluntary organizations are filling the gap that Trade Unions once occupied. This does not fully meet the support that Trade Unions provided in the workplace, but society's approach to voice has changed. Whether the balance of power has truly changed towards the employee remains arguable.