The Process of Employee Relations: A Novel Study

Dr. H. Rameshbabu, Ph.D

Assistant Professor in Management, Jothi 's College, Vellore

*Corresponding Author: *Dr. H. Rameshbabu, Ph.D. Assistant Professor in Management, Jothi 's College, Vellore, E-mail: rameshbabu75@yahoo.com.Mobile: 9443540920.*

ABSTRACT

Employee relations processes consist of the approaches and methods adopted by employers to deal with employees either collectively through their trade unions or individually. They will be based on the organization's articulated or implied employee relations policies and strategies as examined in the first two sections of this paper. The way in which they are developed and how they function will be influenced by, and will influence, the employee relations climate, the concept of which is examined in the third section of the paper.

INTRODUCTION

Industrial relations processes, i.e. those aspects of employee relations that are concerned with the dealings between employers and trade unions, consist of:

- Approaches to recognizing or de-recognizing trade unions;

- Formal methods of collective bargaining;

- Partnership as an approach to employee relations;

- The informal day-to-day contacts on employment issues that take place in the workplace between management and trade union representatives or officials;

- Features of the industrial relations scene such as union membership in the work place, the check-off and strikes.

The outcomes of these processes are various forms of procedural and substantive agreements and employment procedures, including harmonization of terms and conditions, and the approaches used by organizations to manage with and without trade unions. These are described in the last three sections of this paper.

ANALYSIS

Four approaches to employee relations policies have been identified by Industrial Relations Services (1994):

- Adversarial: the organization decides what it wants to do, and employees are expected to fit in. Employees only exercise power by refusing to cooperate.

- Traditional: a good day-to-day working relationship but management proposes and the workforce reacts through its elected representatives.

- Partnership: the organization involves employees in the drawing up and execution of organization policies, but retains the right to manage.

- Power sharing: employees are involved in both day-to-day and strategic decision making.

Adversarial approaches are much less common than in the 1960s and 1970s. The traditional approach is still the most typical but more interest is being expressed in partnership, as discussed later in this paper. Power sharing is rare.

Against the background of a preference for one of the four approaches listed above, employee relations policies express the philosophy of the organization on what sort of relationships between management and employees and their unions are wanted, and how they should be handled. A partnership policy will aim to develop and maintain a positive, productive, cooperative and trusting climate of employee relations.

When they are articulated, policies provide guidelines for action on employee relations issues and can help to ensure that these issues are dealt with consistently. They provide the basis for defining management's intentions (its employee relations strategy) on key matters such as union recognition and collective bargaining.

The areas covered by employee relations policies are:

- trade union recognition - whether trade unions should be recognized or de-recognized, which union or unions the organization would prefer to deal with, and whether or not it is desirable to recognize only one union for collective bargaining and/or employee representational purposes;

- collective bargaining - the extent to which it should be centralized or decentralized and the scope of areas to be covered by collective bargaining;

- employee relations procedures - the nature and scope of procedures for redundancy, grievance handling and discipline;

- participation and involvement - the extent to which the organization is prepared to give employees a voice on matters that concern them;

- partnership - the extent to which a partnership approach is thought to be desirable;

- the employment relationship - the extent to which terms and conditions of employment should be governed by collective agreements or based on individual contracts of employment (ie collectivism versus individualism);

- harmonization of terms and conditions of employment for staff and manual workers;

- working arrangements - the degree to which management has the prerogative to determine working arrangements without reference to trade unions or employees.

When formulating policies in these areas, organizations may be consciously or unconsciously deciding on the extent to which they want to adopt the HRM approach to employee relations. This emphasizes commitment, mutuality and forms of involvement and participation that mean that management approaches and communicates with employees directly rather than through their representatives.

There is, of course, no such thing as a model employee relations policy. Every organization develops its own policies. In a mature business these will be in accordance with established custom and practice, its core values and management style and the actual or perceived balance of power between management and unions. In younger organizations, or those being established on a green field site, the policies will depend on the assumptions and beliefs of management and, where relevant, the existing philosophy and policies of the parent organization. In both these cases policies will be affected by the type of people employed by the organization, its business strategies, technology, the industry or sector in which it operates, and its structure (for example, the extent to which it is centralized or decentralized).

The following four policy options for organizations on industrial relations and HRM have been described by Guest (1995):

- The new realism - a high emphasis on HRM and industrial relations. The aim is to integrate HRM and industrial relations. This is the policy of such organizations as Rover, Nissan and Toshiba. A review of new collaborative arrangements in the shape of single-table bargaining (IRS, 1993) found that they were almost always the result of employer initiatives, but that both employers and unions seem satisfied with them. They have facilitated greater flexibility, more multi-skilling, the removal of demarcations and improvements in quality. They can also extend consultation processes and accelerate moves towards single status.

- Traditional collectivism - priority to industrial relations without HRM. This involves retaining the traditional pluralist industrial relations arrangements within an eventually unchanged industrial relations system. Management may take the view in these circumstances that it is easier to continue to operate with a union, since it provides a useful, well-established channel for communication and for the handling of grievance, discipline and safety issues.

- Individualized HRM - high priority to HRM with no industrial relations. According to Guest, this approach is not very common,

excepting North American-owned firms. It is, he believes, 'essentially piecemeal and opportunistic'.

- The black hole - no industrial relations. This option is becoming more prevalent in organizations in which HRM is not a policy priority for managements but where they do not see that there is a compelling reason to operate within a traditional industrial relations system. When such organizations are facing a decision on whether or not to recognize a union, they are increasingly deciding not to do so. And, as shown by Millward (1994), non-union firms are not replacing the unions with an HRM strategy. Marginson et al (1993) similarly found no support for a non-union HRM strategy.

Employee relations policies usually evolve in the light of the circumstances of the firm, traditional practices, management's values and style and the power of trade unions to exert influence. They will change as new situations emerge and these may include competitive pressure, new management, a takeover, different views amongst employees about the value of trade unions, or new trade union policies. Sometimes these changes will be deliberate. Management may decide that it no longer has any use for trade unions and will therefore de-recognize them. On other occasions the changes will simply emerge from the situation in which management finds itself.

The evolutionary and emergent nature of employee relations policies is the most typical case. But there is much to be said for managements occasionally to sit back and think through their policies in order to establish the extent to which they are still appropriate. This review should be based on an analysis of current policies and their relevance to the changing environment of the organization. The analysis could be extended to discussions with union representatives within the firm and local or even national officials to obtain their views. Employees could also be consulted so that their views could be obtained and acted upon, thus making it more likely that they will accept and be committed to policy changes. If there is a staff association, its role as a representative body should be reconsidered. Alternatively, the case for setting up a staff association should be reviewed. The outcome of attitude surveys designed to elicit the opinions of employees on matters of general concern to them can provide additional information on which to base policy decisions.

The result of such a review might, for example, be a decision not to make a frontal assault on the union, but simply to diminish its power by restricting the scope of collective bargaining and bypassing it and its shop stewards through more direct approaches to individual employees. As recent surveys have shown, this, rather than outright de-recognition, has been the typical policy of unionized firms. And it is probable in most of these cases that the policy evolved over time, rather than being formulated after a systematic review.

Alternatively, processes of consultation with trade unions and employees may lead to the development of a more positive policy of partnership with the trade union which recognizes the mutual advantages of working together.

Most organizations seem reluctant to commit their employee relations policies to writing. And this is understandable in the light of their fluid nature and, in some cases, the reluctance of managements to admit publicly that they are anti-union.

Policies that are deeply embedded as part of the managerial philosophy and values of the organization do not need to be formalized. They will be fully understood by management and will therefore be acted upon consistently, especially when they are in effect broad expressions of the views of management rather than specific action guidelines.

The argument for having written policies is that everyone - line managers, team leaders and employees generally - will be clear about where they stand and how they are expected to act. Firms may also want to publish their employee relations policies to support a 'mutual commitment' strategy. But this presupposes the involvement of employees in formulating the policies.

Employee relations strategies set out how objectives such as those mentioned above are to be achieved. They define the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their trade unions. Like all other aspects of personnel or HR strategy, employee relations strategies will flow from the business strategy but will also aim to support it. For example, if the business strategy is to

concentrate on achieving competitive edge through innovation and the delivery of quality to its customers, the employee relations strategy may emphasize processes of involvement and participation, including the implementation of programmes for continuous improvement and total quality management. If, however, the strategy for competitive advantage, or even survival, is cost reduction, the employee relations strategy may concentrate on how this can be achieved by maximizing cooperation with the unions and employees and by minimizing detrimental effects on those employees and disruption to the organization.

Employee relations strategies should be distinguished from employee relations policies. Strategies are dynamic. They provide a sense of direction, and give an answer to the question 'how are we going to get from here to there?' Employee relations policies are more about the here and now. They express 'the way things are done around here' as far as dealing with unions and employees is concerned. Of course they will evolve but this may not be a result of a strategic choice. It is when a deliberate decision is made to change policies that a strategy for achieving this change has to be formulated. Thus if the policy is to increase commitment, the strategy could consider how this might be achieved by involvement and participation processes.

The intentions expressed by employee relations strategies may direct the organization towards any of the following:

- Changing forms of recognition, including single union recognition, or de-recognition;

- Changes in the form and content of procedural agreements;

- new bargaining structures, including decentralization or single-table bargaining;

- The achievement of increased levels of commitment through involvement or participation;

- Deliberately bypassing trade union representatives to communicate directly with employees;

- Increasing the extent to which management controls operations in such areas as flexibility;

- Generally improving the employee relations climate in order to produce more harmonious and cooperative relationships;

- Developing a 'partnership' with trade unions, recognizing that employees are stakeholders and that it is to the advantage of both parties to work together (this could be described as a unitarist strategy aiming at increasing mutual commitment).

Like other business and HR strategies, those concerned with employee relations can, in Mintzberg's (1987) words, 'emerge in response to an evolving situation'. But it is still useful to spend time deliberately formulating strategies and the aim should be to create a shared agenda which will communicate a common perspective on what needs to be done. This can be expressed in writing but it can also be clarified through involvement and communication processes.

The employee relations climate of an organization represents the perceptions of management, employees and their representatives about the ways in which employee relations are conducted and how the various parties (managers, employees and trade unions) behave when dealing with one another. An employee relations climate can be good, bad or indifferent according to perceptions about the extent to which:

- Management and employees trust one another;

- Management treats employees fairly and with consideration;

- Management is open about its actions and intentions - employee relations policies and procedures are transparent;

- Harmonious relationships are generally maintained on a day-to-day basis, which results in willing cooperation rather than grudging submission;

- Conflict, when it does arise, is resolved without resort to industrial action and resolution is achieved by integrative processes which result in a 'win-win' solution;

- Employees are generally committed to the interests of the organization and, equally, management treats them as stakeholders whose interests should be protected as far as possible.

Improvements to the climate can be attained by developing fair employee relations policies and procedures and implementing them consistently. Line managers and team leaders who are largely responsible for the day-to-day conduct of

employee relations need to be educated and trained on the approaches they should adopt. Transparency should be achieved by communicating policies to employees, and commitment increased by involvement and participation processes. Problems that need to be resolved can be identified by simply talking to employees, their representatives and their trade union officials. Importantly, as discussed below, the organization can address its obligations to the employees as stakeholders and take steps to build trust.

Businesses aim to achieve prosperity, growth and survival. Ideally, success should benefit all the stakeholders in the organization - owners, management, employees, customers and suppliers. But the single-minded pursuit of business objectives can act to the detriment of employees' well-being and security. There may be a tension between accomplishing business purposes and the social and ethical obligations of an organization to its employees. But the chances of attaining a good climate of employee relations are slight if no attempt is made to recognize and act on an organization's duties to its members.

An ethical approach will be based on high-commitment and high-involvement policies. The commitment will be mutual and the arrangements for involvement will be genuine, ie management will be prepared not only to listen but to act on the views expressed by employees or at least, if it cannot take action, the reasons why will be explained. It will also be transparent and, although the concept of a 'job for life' may no longer be valid in many organizations, at least an attempt will be made to maintain 'full employment' policies.

The Institute of Personnel and Development's (IPD) statement People Make the Difference (1994) makes the point that much has been done in recent years to introduce a sense of reality into employee relations. But, according to the IPD, 'Managers should not kid themselves that acquiescence is the same thing as enthusiastic involvement. The pace of life and changing work patterns in the future will put a strain on the best of relationships between employees and managers.'

The IPD suggests that employee relations policies aimed at building trust should be based on the principles that employees cannot just be treated as a factor of production and that organizations must translate their values concerning employee relations into specific and practical action. In too many organizations, inconsistency between what is said and what is done undermines trust, generates employee cynicism and provides evidence of contradictions in management thinking.

An employer fully recognizes a union for the purposes of collective bargaining when pay and conditions of employment are jointly agreed between management and trade unions. Partial recognition takes place when employers restrict trade unions to representing their members on issues arising from employment. An independent trade union can apply to the CAC for recognition, which will agree where either a majority of the workers already belong to the union, or when the union wins majority support for recognition by at least 40 per cent of those entitled to vote in a secret ballot.

The existence of a number of unions within one organization was frequently criticized in the 1980s because of the supposed increase in the complexity of bargaining arrangements and the danger of inter-union demarcation disputes (who does what). The answer to this problem was thought to be single union representation through single union deals. These had a number of characteristics that were considered to be advantageous to management.

Single-union deals have the following typical features:

- A single union representing all employees, with constraints put on the role of union full-time officials;

- Flexible working practices - agreement to the flexible use of labour across traditional demarcation lines;

- Single status for all employees - the harmonization of terms and conditions between manual and non-manual employees;

- An expressed commitment by the organization to involvement and the disclosure of information in the form of an open communications system and, often, a works council;

- The resolution of disputes by means of devices such as pendulum arbitration, a commitment to continuity of production and a 'no-strike' provision.

Single-union deals have generally been concluded on green field sites, often by Japanese firms such as Nissan, Sanyo,

Matshushsita and Toyota. A 'beauty contest' may be held by the employer to select a union from a number of contenders. Thus, the initiative is taken by the employer, who can lay down radical terms for the agreement.

Employers are in a strong position now to choose whether they recognize a union or not, which union they want to recognize and the terms on which they would grant recognition, for example a single union and a no-strike agreement.

When setting up on green field sites employers may refuse to recognize unions. Alternatively they hold 'beauty contests', as mentioned above, to select the union they prefer to work with, which will be prepared to reach an agreement in line with what management wants.

- An organization deciding whether or not to recognize a union will take some or all of the following factors into account:

- The perceived value or lack of value of having a process for regulating collective bargaining;

- If there is an existing union, the extent to which management has freedom to manage; for example, to change working arrangements and introduce flexible working or multi-skilling;

- The history of relationships with the union;

- The proportion of employees who are union members and the degree to which they believe they need the protection their union provides; a decision on de-recognition has to weigh the extent to which its perceived advantages outweigh the disadvantages of upsetting the status quo;

- Sny preferences as to a particular union, because of its reputation or the extent to which it is believed a satisfactory relationship can be maintained.

In considering recognition arrangements employers may also consider entering into a 'single union deal' as described above.

Collective bargaining arrangements are those set up by agreements between managements, employers' associations, or joint employer negotiating bodies and trade unions to determine specified terms and conditions of employment for groups of employees. Collective bargaining processes are usually governed by procedural agreements and result in substantive agreements and agreed employee relations procedures.

The considerations to be taken into account in developing and managing collective bargaining arrangements are:

- Collective agreements;

- The level at which bargaining should take place;

- Single-table bargaining where a number of unions are recognized in one work place;

- Dispute resolution.

Collective agreements can be classified as procedural agreements or substantive agreements. The former provide the framework for collective bargaining, and the latter are the outcome of collective bargaining. Two forms of collective procedural agreements have become prominent: partnership agreements and new-style agreements.

Procedural agreements set out the respective responsibilities and duties of managers and unions, the steps through which the parties make joint decisions, and the procedure to be followed if the parties fail to agree. Their purpose is to regulate the behaviour of the parties to the agreement, but they are not legally enforceable, and the degree to which they are followed depends on the goodwill of both parties or the balance of power between them. Procedural agreements are seldom broken and, if so, never lightly. The basic presumption of collective bargaining is that both parties will honour agreements that have been made freely between them. An attempt to make collective agreements legally enforceable in the 1971 Industrial Relations Act failed because employers generally did not seek to enforce its provisions.

A typical procedural or procedure agreement contains the following sections:

- A preamble defining the objectives of the agreement;

- A statement that the union is recognized as a representative body with negotiating rights;

- A statement of general principles, which may include a commitment to use the procedure (a no-strike clause) and/or a status quo clause which restricts the ability of management to introduce changes outside negotiated or customary practice;

- A statement of the facilities granted to unions, including the rights of shop stew ards and the right to hold meetings;

- Provision for joint negotiating committees (in some agreements);

- The negotiating or disputes procedure;

- Provision for terminating the agreement.

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

An agreement may incorporate or have attached to it employee relations procedures such as those concerned with grievances, discipline and redundancy. In addition, agreements are sometimes reached on health and safety procedures.

Substantive agreements set out agreed terms and conditions of employment, covering pay and working hours and other aspects such as holidays, overtime regulations, flexibility arrangements and allowances. Again, they are not legally enforceable. A substantive agreement may detail the operational rules for a payment-by-results scheme which could include arrangements for timing or retiming and for payments during waiting time or on new, untimed, work.

A partnership agreement is one in which both parties (management and the trade union) agree to work together to their mutual advantage and to achieve a climate of more cooperative and therefore less adversarial industrial relations.

The rationale for partnership is that it is a way of getting away from confrontational industrial relations to the mutual benefit of both management and employees.

Partnership deals can at least attempt to balance the needs of employees for job security with the aims of management to maximize flexibility.

The common features of partnership as defined by Reilly (2001) are:

- Mutuality - both sides recognize that there are areas of commonality, of shared interest.

- Plurality - it is recognized that there are areas of difference as well as areas of common interest.

- Trust and respect - for the intentions of the other side and for legitimate differences in interests.

- Agreement without coercion - there is an intention to solve problems through consensus, recognizing business and employee needs.

- Involvement and voice - opportunities are provided for employees to shape their work environment and have their opinions heard.

- Individualist and collectivist dimension - this is achieved through direct and indirect (ie representative) forms of employee involvement.

The concept of partnership captured attention when it first emerged, but it has not become a major feature of the industrial relations scene. The TUC estimates that there are only about 60 genuine partnership deals in existence. Reilly (2001) notes that the concept can come under pressure for a number of reasons. Three of the key factors are:

- Misunderstanding of what partnership is all about;

- Lack of trust, lack of support and increased evocation over the benefits of part nership; and

- Disagreements that are not resolved and infect relationships.

Senior management may not really believe in partnership and make unilateral decisions without consultation; support may come from full-time trade union officials but is not backed by shop stewards; and employees may reject the partnership notion, seeing their representatives as management 'poodles' unable to look after their interests properly. Partnership may mean that employees and their representatives can be well informed, consulted and have a voice, but in the end management decides.

The so-called 'new style agreements' emerged in the 1990s to achieve improvements in the conclusion and operation of negotiating and bargaining arrangements. As described by Farnham (2000), a major feature of these agreements was that their negotiating and disputes procedures were based on the mutually accepted 'rights' of the parties expressed in the recognition agreement. The intention was to resolve any differences of interests on substantive issues between the parties by regulations, with pendulum arbitration providing a resolution of those issues where differences exist. As originally conceived, new style agreements typically included provision for

single-union recognition, single status, labour flexibility, a works council, and a no-strike clause to the effect that issues should be resolved without recourse to industrial action. Some or all of these provisions may still be made in agreements, but are not usually packaged as 'new style' agreements.

There has been a pronounced trend away from multi-employer bargaining, especially in the private sector. This has arisen because of decentralization and a reluctance on the part of central management to get involved.

Single-table bargaining brings together all the unions in an organization as a single bargaining unit. The reasons organizations advance for wanting a 'single-table deal' are:

- A concern that existing multi-unit bargaining arrangements not only are inefficient in terms of time and management resources but are also a potential source of conflict;

- The desire to achieve major changes in working practices, which it is believed can be achieved only through single-table bargaining;

- A belief in the necessity of introducing harmonized or single-status conditions.

Marginson and Sisson (1990), however, identified a number of critical issues which need to be resolved if single-table bargaining is to be introduced successfully. These comprise:

- The commitment of management to the concept;

- The need to maintain levels of negotiation which are specific to particular groups below the single-bargaining table;

- The need to allay the fears of managers that they will not be able to react flexibly to changes in the demand for specific groups of workers;

- The willingness of management to discuss a wider range of issues with union representatives - this is because single-table bargaining adds to existing arrangements a top tier in which matters affecting all employees, such as training, development, working time and fringe benefits can be discussed;

- The need to persuade representatives from the various unions to forget their previous rivalries, sink their differences and work together (not always easy);

- The need to allay the fears of trade unions that they may lose representation rights and members, and of shop stewards that they will lose the ability to represent members effectively.

These are formidable requirements to satisfy, and however desirable single-table bargaining may be, it will never be easy to introduce or to operate.

The aim of collective bargaining is, of course, to reach agreement, preferably to the satisfaction of both parties. Negotiating procedures, as described in the next section of this paper, provide for various stages of 'failure to agree' and often include a clause providing for some form of third-party dispute resolution in the event of the procedure being exhausted. The processes of dispute resolution as identified by IRS (2004d) are conciliation, arbitration and mediation.

An attempt through informal discussions to help parties in a dispute to reach their own agreement. The third party does not recommend or decide on a settlement. One advantage of this process is that it helps the parties to retain ownership of the resolution of the problem, which can, in turn, engender greater commitment to its implementation. Conciliation is the most frequently used form of third-party involvement.

The parties put the issue to an independent third party for determination. The parties agree in advance to accept the arbitrator's decision as a means of finally resolving the matter. There is sometimes a reluctance to use this method as it removes control over the final outcome from employers, employees or trade unions.

Formal but non-binding recommendations or proposals are put forward for further consideration by the parties. The use of dispute mediation is rare, partly because it is seen as a halfway house. There is sometimes a feeling that if conciliation cannot succeed, it may be best simply to go all the way to arbitration.

The formal processes of union recognition, collective bargaining and dispute resolution described earlier in this paper provide the framework for industrial relations in so far as this is concerned with agreeing terms and conditions of employment and working arrangements and settling disputes. But within

or outside that framework, informal employee relations processes are taking place continuously.

Informal employee relationships take place whenever a line manager or team leader is handling an issue in contact with a shop steward, an employee representative, an individual employee or a group of employees. The issue may concern methods of work, allocation of work and overtime, working conditions, health and safety, achieving output and quality targets and standards, discipline or pay (especially if a payment-by-results scheme is in operation, which can generate continuous arguments about times, standards, re-timings, payments for waiting time or when carrying out new tasks, and fluctuations or reductions in earnings because of alleged managerial inefficiency).

Line managers and supervisors handle day-to-day grievances arising from any of these issues and are expected to resolve them to the satisfaction of all parties without involving a formal grievance procedure. The thrust for devolving responsibility to line managers for personnel matters has increased the onus on them to handle employee relations effectively. A good team leader will establish a working relationship with the shop steward representing his or her staff which will enable issues arising on the shop-floor or with individual employees to be settled amicably before they become a problem.

CONCLUSION

Creating and maintaining a good employee relations climate in an organization may be the ultimate responsibility of top management, advised by personnel specialists. But the climate will be strongly influenced by the behaviour of line managers and team leaders. The HR function can help to improve the effectiveness of this behaviour by identifying and defining the competences required, advising on the selection of supervisors, ensuring that they are properly trained, encouraging the development of performance management processes that provide for the assessment of the level of competence achieved by line managers and team leaders in handling employee relations, or by providing unobtrusive help and guidance as required.

REFERENCES

[1] Hendrickson, A. R. (2003). Human resource information systems:. Journal of Labor Reaesrch , 24,3,381-394.

[2] Tannenbaum, S. I. (1990). HRIS information : User group implication. Journal of Systems Management , 41,1,27-32,36.

[3] Brien, James A. and Marakas, George M. (2008a) Introduction to Information System, 8th edition, The McGraw-Hill Companies.

[4] Rampton, Lan J. (1999) Human Resources Management Systems: A Practical Approach, 2nd edition, Carswell.