

## STUDENT SUMMARY NOTES

# chapter 9 labour relations and collective bargaining

## Chapter overview

This chapter covers labour relations or collective trade union-management relations. It examines management's labour relations strategies, employees' union organization, and collective bargaining; it concludes with coverage of the debate on HRM and trade unions.

### Chapter objectives:

After studying this chapter, you should be able to:

1. Define and describe contemporary trends in labour relations
2. Describe the core legal principles relating to union-management relations
3. Explain and critically evaluate different types of union-management strategy
4. Explain the pattern of trade union membership and union structure
5. Understand the nature of collective bargaining over pay and its links to the rise of income inequality
6. Critically evaluate the importance of 'partnership' for labour relations

## Lecture outline

### Introduction

Debate over the terminology – 'industrial relations', 'labour relations', 'employment relations' or 'union-management relations'. Terms used interchangeably in the literature.

Critical literature presents the HRM model as being inconsistent with traditional industrial relations. The debate has been influenced by political-

legal developments in UK and US. Questions posed include, Can an employee be committed both to their employer's goals and the union's goals simultaneously? Is dual commitment possible? Can trade unions and HRM coexist? To begin answering these questions the contemporary trends in labour relations are critically evaluated.

**Study tip:**

The chapter's opening vignette, which is based on newspaper articles, is a useful way for your peer study group to examine your own views on trade unions in a democratic society. Do trade unions have a role in the knowledge-based economy or are they 'dinosaurs' from a past era? Can trade unions curb the atomization of a workforce?

Labour relations are defined as the process of control over the employment relationship, the organization of work, and relations between employers and their employees.

### **Understanding why employees join trade unions**

Employees join unions for numerous reasons: economic (to give leverage in pay bargaining), social justice (inequality), to gain a voice in decision-making and for protection against authoritarian or abusive treatment by LMs (see Chapter 3).

### **Trade unions in action**

Union activities influence key elements of the HRM model shown in **Chapter 1, Figure 1.3** (p. 20): HRM policy choices over employee voice, HR flow (HR planning and recruitment and selection), rewards and work systems. Performance appraisal poses challenges to unions.

Thus, contemporary management strategies over the employment relationship involve choices and constraints. Note also that power is unequally distributed between unions and employers and the dynamic nature of labour relations.

## **Legal context of labour relations**

Collective labour law is an aspect of union-management relations that interacts with the institutions, processes (e.g. collective bargaining, strikes and grievance handling) and behaviour of the key 'actors' in the system.

Key UK legislation affecting union-management relations in UK is shown in **Table 9.1** (p. 305).

## Management strategies

Employers can adopt a variety of strategies for dealing with trade unions. Three 'pure' industrial relations strategies are discussed:

- a) union acceptance strategy
- b) union replacement strategy
- c) union avoidance strategy

**HRM and globalization 9.1:** Wal-mart resists unions across North America.  
This example (p. 307) illustrates the power of employers to resist union organization.

Choice of strategy depends upon the interrelationship between constraints and strategic choice, and management goals.

## Trade unions

To appreciate unions' response to HRM, it is important not only to understand what functions unions serve and how they are structured, but some of the problems they face recruiting and organizing in the workplace.

### *Union membership*

The material covered in this section of the chapter is fairly conventional, data on aggregate union membership and union density are provided (see **Table 9.2** p. 311 and **Table 9.3**, p. 313).

**Study Tip:** Data from 2011 WERS can also be used to supplement the information in Chapter 9 to provide evidence for an assignment or business report covering the developments in workplace unionism over the last two decades. Note also the websites in the textbook.

**HRM in practice 9.1** BA told to hit union where it hurts  
This case (p. 312) illustrates one management strategy taken by British Airways.

## Interpreting union decline

Variations in the rate of UK unionization is explained through six variables:

- Business cycle
- Public policy
- Work and organizational design
- Industrial restructuring
- Employer policies
- Union leadership

*“Neoliberalism’s guiding principle is not free markets, nor fiscal discipline, nor sound money, nor privatization and offshoring – not even globalization. All these things were by-products or weapons of its main endeavour: to remove organized labour from the equation” (Paul Mason, *Post-capitalism*, 2016)*

## **Union structure**

Structure describes the external shape of unions. The traditional classification of unions (craft, industrial, general) is redundant. Over half of UK union members are in the top four unions. See **Table 9.4** (p. 316).

## **Collective bargaining**

Definition: A rule making process including, substantive rules (e.g. pay and hours of work) and procedural rules (e.g. grievance handling).

Strategic choice and collective bargaining draws attention to the advantages and disadvantages of centralized bargaining. E.g. decentralized single-employer collective bargaining can, it is claimed, tailor an agreement to the specific needs of the establishment.

### **Study Tip:**

Go to the *HRM As I See It* (p. 317). It features a trade union official, Ray Fletcher OBE, discussing the role of trade unions in the workplace including, the promotion of learning at work and ‘green’ policies and practices.

### **HRM in practice 9.2** Building employers blacklisted thousands of workers

Refer to this case (p. 3318) to explore one management strategy to discourage unionization taken by some building employers in the UK.

## **Collective bargaining structure**

Collective bargaining structure defines the scope of employers and employees covered by the collective agreement. Multi-employer versus single employer bargaining. Bargaining over pay is no longer the norm in Britain. See **Table 9.5**, p. 320).

## **The collective agreement: an overview**

Collective agreements in the UK, unlike many EU states and North America, are not legally binding. The content of agreements varies widely.

## Union density, collective bargaining and rising income inequality

Wage austerity has been a feature in both the UK and the EU's largest economy, Germany in the post-2008 period. In the USA and France similar trends have been documented.

The data show a correlation between reduced levels of union density, collective bargaining in the private sector and rising income inequality. See Figure 9.1, (p. 323).

## Union strategies and paradox

Trade unions are complex organizations and as with management strategies, trade unions have adopted different strategic responses to changes in capitalist countries. Two dominant strategic approaches for the renewal of unions are examined:

- a) Organizing strategy
- b) Partnership strategy

The 'social partnership' strategy has at least six key principles.

### **HRM and globalization 9.2** The role of unions in South Africa

This case (p. 324), reports on the impact of neo-liberalism on union bargaining power in South Africa.

Studies suggest that there are potential benefits and costs of a partnership strategy (see Table 9.6, p. 327).

## Engaging in critical thinking

### Chapter case study: Rama garment factory

**Study tip:** This case can be used as part of a role-playing exercise. In your peer study group, try playing the role of union rep and manager. Hold a joint meeting with the aim of negotiating a written agreement. Potentially, what key learning points can arise from such a learning activity?

### Reflective question/essay question

Why are trade unions sceptical about the HRM model?

**Tip to students:** This question requires you to demonstrate that you understand why trade unions exist and what functions they serve in the workplace. It also requires knowledge of the principles of trade unionism; for instance, the idea that rights and improvements are negotiated collectively for the whole group. Unions seek to influence all elements of the HRM cycle. Your answer should explore how HRM appears to contradict the collective logic of trade unions and

how different unions have developed different strategic responses to this management initiative depending upon their experience, and how they perceive the threat of HRM. Finally, a comprehensive answer would discuss how some 'soft' HRM practices (e.g. investment in workplace learning) can bring mutual benefits.