

Chapter 15¹

Employee relations

15.1 Introduction

Employee relations are concerned with managing the employment relationship and the psychological contract. They consist of the approaches and methods adopted by employers to deal with employees either collectively through their trade unions or individually. This includes providing employees with a voice and developing communications between them and management.

Employee relations cover a wider spectrum of the employment relationship than industrial relations, which are essentially about what goes on between management and trade union representatives and officials, involving collective agreements, collective bargaining and disputes resolution. This wider definition recognizes the move away from collectivism towards individualism in the ways in which employees relate to their employers.

15.2 Strategic employee relations

Strategic employee relations is concerned with the formulation and implementation of plans designed to meet the needs of the business for harmonious and productive relationships and the needs of employees to be treated justly and well. These plans will be based on the organization's policies on how it should relate to employees and their unions. Against the background of definitions of the process and basis of employee relations, this chapter examines in turn employee relations policies and strategies, the development of a satisfactory employee relations climate and what happens when organizations work with or without unions.

15.3 The process of employee relations

Employee relations are concerned with managing and maintaining the employment relationship, taking into account the implications of the notion of the psychological contract (these concepts are discussed in the next two chapters). This means dealing with employees either collectively through their trade unions or individually; handling employment practices, terms and conditions of employment and

¹Armstrong, M. (2014). *Armstrong's handbook of human resource management practice* (11th ed.). London: Kogan Page.

issues arising from employment; and providing employees with a voice and communicating with employees.

15.4 The basis of employee relations

Employee relations are basically about how managements and employees live together and what can be done to make that work. There are two views about the relationship. The unitary viewpoint is the belief that management and employees share the same concerns and it is therefore in both their interests to cooperate. This was expressed by Walton (1985: 64) as the principle of mutuality. A similar belief is expressed in the idea of social partnership, which states that as stakeholders, the parties involved in employee relations should aim to work together to the greater good of all. Partnership agreements, as described in Chapter 32, try to put this idea into practice.

In contrast, the pluralist viewpoint is that the interests of employees will not necessarily coincide with their employers and that the unitary view is naive, unrealistic and against the interests of employees. People of this persuasion don't believe that partnership agreements can work.

The basis of employee relations can be described somewhat simplistically in terms of the pay-work bargain the agreement made between employers and employees whereby the former undertakes to pay for the work done by the latter. According to

this notion, many employers simply want employees who will do what they are told without costing too much. They want engagement and commitment on their own terms. But employees want a 'fair day's pay for a fair day's work' and a say in their terms and conditions of employment and the way in which their work is organized. They want security of employment, good working conditions, a healthy and safe working environment and the scope to raise and resolve grievances. Conflicts of interest can arise between employers and employees on these issues, and where there are unions these conflicts are resolved by the various industrial relations procedures described in Chapter 32. Because of this, employee relations need to be managed by reference to understood and communicated policies and strategies.

15.5 Employee relations policies

Employee relations policies express the philosophy of the organization on what sort of relationships are wanted between management and employees and, where necessary, their unions, and how the pay-work bargain should be managed. A social partnership policy will aim to develop and maintain a positive, productive, cooperative and trusting climate of employee relations.

Approaches

There are four approaches to employee relations:

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

2 Traditional: a reasonably good day-to-day working relationship but management proposes and the workforce reacts through its elected representatives, if there are any; if not, employees just accept the situation or walk.

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

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