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Andrew Scott

Excerpt

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1 Co-operation at work?

Market pressures and the growth of 'realism'

The incompetent manager and the bloody-minded shop steward were for many years the stock-in-trade characters in 'tales of the shop floor'. Their disappearance from stories of more recent times may reflect a transformation in industrial relations. Many people believe that British workers are now working harder and more effectively than in the past. For some, these changes are evidence of a radically altered balance of economic power. For others, they are proof that managers and workers have arrived at a new level of understanding in their relations. What is certain is that changes in workplace behaviour have caused people to think afresh about the orthodoxy which permeated labour relations since the Second World War.

Many British industrial relations experts once placed their faith in collective bargaining to build constructive and co-operative relations on the shop floor. In Britain, the Donovan Commission (1968) concluded that collective bargaining could address and reconcile the inevitable differences of interest that arose between employers and their employees. It put forward the view that encouraging comprehensive workplace agreements could not only reduce adversarial behaviour but unite workers and managers in a common purpose. During the 1960s and 1970s such ideas were put into practice, and the proportion of British workers covered by collective bargaining increased. Formal systems of worker representation expanded as managers and a growing body of shop stewards engaged in local bargaining over a wider range of workplace issues (Parker 1975; Clegg 1979; Brown 1981; Daniel and Millward 1983). Public policy actively supported these developments. For example, the Employment Protection Act (1975) granted union members certain statutory rights to bargain with their employer, and at the same time the newly created Advisory Conciliation and Arbitration Service (ACAS) was charged with encouraging the reform and extension of collective bargaining throughout industry and commerce. The key to successful industrial relations was creating and sustaining an atmosphere in which constructive collective bargaining could take place.

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Yet as collective bargaining spread more widely throughout the economy, so too did dissatisfaction with its results. Critics argued that its growing popularity in Britain throughout the 1960s and 1970s encouraged rather than eased industrial conflict. They contended that collective bargaining eroded management's 'right to manage' and that the problem of inefficient working practices and restrictive demarcations between jobs persisted. The result was not more orderly procedures for agreeing terms and conditions of work, but an increasingly inflexible set of arrangements whose adverse effect upon productivity weakened the ability of companies to compete in international markets (Metcalf 1989b). Today far fewer experts advocate the extension of collective bargaining as an essential ingredient of successful industrial relations. And there is clear evidence that an increasing number of employers are no longer prepared to follow the orthodoxy of the past. For example, many firms which previously bargained with trades unions over an extensive range of subjects now restrict joint discussions to a narrower set of issues. Some employers have made fundamental changes to their arrangements for union recognition, whilst others have increasingly preferred not to recognise trades unions at all in new workplaces (Millward *et al.* 1992; ACAS 1991a). The view that collective bargaining has failed to promote business success or to integrate the aspirations of employees with the goals of management seems to be widely held by experts and practitioners alike.

As the old orthodoxy has declined, what has taken its place? If many employers have turned away from the prescriptions of the past, have they found a successful alternative method of managing industrial relations? So far these questions remain open for debate, but whatever the course of change, it is likely to have been influenced by the widespread belief that the British economy reached a watershed in the 1980s. As changes in the nature of the international economy exposed enterprises to much greater competition, prominent managers identified the challenge facing modern organisations as the development of methods of decision-making which could successfully relate the size and shape of the workforce to their costs (Cadbury 1985). Others argued that workers had also increasingly come to accept that businesses which do not remain competitive must succumb to market forces. Recognising the ever-present threat which competition poses to the survival of organisations, it has sometimes been suggested that managers and workers nowadays share a similar view of the world. Their shared understandings, their common sense of 'realism' has, it is sometimes contended, forged a consensus upon how business and industrial relations must be conducted (Basset 1986).

It is not enough, however, to rest an account of change upon the assertion that 'realism' has pervaded British industrial relations. Whatever the truth

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of the matter, it requires further critical examination. How do managers and workers see and experience the 'reality' of commercial life? How profound is their shared understanding about the environment in which they work and make decisions? Within the existing literature it is possible to identify two distinctive accounts of the way in which managers and workers have responded to their more competitive circumstances.

The first possible explanation is of a traditional kind. It suggests that old attitudes have not been transformed but continue to exist, unspoken, pushed beneath the surface, their expression stifled by circumstance. Changes in the effort or application of workers have been the result of their being coerced into working harder, either directly by managers or indirectly by circumstance. They have responded, through want of an alternative, with grudging compliance rather than with enthusiasm. In this account, changes in workplace behaviour have been the consequence of an altered balance of power, and there has been very little change in underlying relationships between managers and workers: they continue to face each other in employment as adversaries, albeit less visibly so than in the past.

The second alternative and more novel view is that managers and workers have responded to new circumstances by building more constructive relations at work. In this more positive account of a 'new industrial relations' it has been suggested that the idea of a balance of power influencing decision-making in the workplace has become less relevant than it once was. Some managers claim to have found new and successful ways of fostering an identity of interests with their workers, and workers have responded by offering their best efforts to create a spirit of mutual co-operation.

The purpose of this book is to add to the debate upon how managers and workers have in practice responded to the challenge of more competitive times. Is the traditional or the new account a more accurate reflection of modern developments? Is there perhaps an element of truth in both of them? The remainder of this chapter elaborates the traditional account of change, and then examines claims for the apparent success of the 'new industrial relations'. Careful sifting of the existing evidence reveals that both strains of thought leave important questions unanswered, but they are nevertheless helpful in bringing to the fore interesting questions about the nature of current management thinking. These are identified and explored in the three case study chapters (chapters 3, 4 and 5) in which particular attention is given to the way in which present industrial relations differ from traditional expectations and patterns of behaviour. Each of the case studies is of a long established manufacturing workplace. The products each produce are not technically complex, and their production processes are not at the forefront of technology. To some people, these may seem

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surprising or unlikely places to look for changes in industrial relations. Yet new thinking and modern circumstances have had an undeniable impact in these factories. And although workplaces of this type are less common than in the past, they will probably continue to be with us for some time to come, making a variety of staple products for consumption in increasingly competitive international markets. It is here that one might expect the 'problems' of the old industrial relations to be most acute, where the process of transformation has been most complex, and where the innovations of the 'new industrial relations' have had to work hardest to overcome the engrained attitudes of the past. The final chapter of this book (chapter 6) draws together evidence of the success with which new kinds of management initiative have fostered improved co-operation. Can the introduction of these new techniques give one cause to hope that a longstanding British legacy of poor industrial relations has, within a decade, been transformed?

The traditional account: managers and workers as continuing adversaries

Management attitudes

According to some commentators managers have increasingly taken the view that it is their 'right' to insist that workers behave according to their instructions. This new way of thinking has been at the expense of an earlier desire to seek agreement with workers over changes and improvements in production. In an influential article, Purcell reported that many of the managers he met in the course of teaching industrial relations at a business school during the early 1980s appeared to have lost all interest in securing change through agreement (Purcell 1982). Evidence from certain sectors of British industry where it was once commonplace for managers to take decisions jointly with worker representatives lends support to this view. For example, studies of the British motor industry have revealed management's new determination to take decisions alone, discarding former processes for arriving at decisions jointly with employees (Willman and Winch 1985; Marsden 1985). In a further example from the coal industry, Richardson and Wood reported that new management initiatives to control costs and a new payments system were successful in disciplining coal miners' efforts. During interviews it emerged that managers clearly believed that they now had much more power to manage production and to meet commercial targets (1989, p.50). Reliable surveys of management attitudes which might provide broader evidence are few and far between. But, on the basis of a

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small postal survey, Mackay (1986) concluded that such uncompromising attitudes had spread to a majority of British managers. Driven by an awareness of greater market competition, the ascendancy of 'realism' may therefore have encouraged managers to believe that their decisions no longer required workers' approval.

The attitudes of workers and their unions

Alongside accounts of managers' new-found assertiveness have been complementary accounts of workers' acquiescence. According to many commentators workers have not offered the resistance to more stringent standards of discipline that they might have done in the past, but instead have responded by working harder and supplying greater effort (Nichols 1986; Nolan 1988; Metcalf 1989b). Their compliance with more exacting management regulation may not, however, reflect an inherent new enthusiasm for work, but rather lack of any alternative. In this way of looking at things, workers' enhanced motivation has been derived not from factors within the workplace but from developments in the labour market. Concluding his analysis of factors contributing to the rapid rise in productivity experienced during the first half of the 1980s, Metcalf suggested,

The crucial factor in explaining the growth of labour productivity between 1980 and 1985 was the employment reduction experienced between 1980 and 1982. . . . Fear [of unemployment] must be what matters here'. (Metcalf 1989b p.19)

In similar vein, some have argued that workers' fear of unemployment has reduced their former readiness to take part in industrial action against employers. Their acquiescence in the exercise of management prerogative may have been one of the most important factors in enabling employers progressively to restrict the range of subjects included within joint discussions. Changes in the law may also have deterred workers from pressing their case against management. Nowadays the law offers less support for the extension of collective bargaining, and recent reforms have progressively restricted workers' ability to take industrial action in the course of disputes with employers. For example, changes in the law have rendered trades unions and their officials liable to damages for loss incurred by employers as a result of industrial action in a wide range of circumstances, and strikers' protection from selective dismissal has been removed. Taken together, these restrictions have added to the difficulties and personal risks involved in organising strike action. In so doing, their effect may have been to substantially undermine trades unions' ability to

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support their position in bargaining with effective sanctions (Brown and Wadhvani 1990; Nichols 1990).

Other factors may also have conspired to impair the ability of trades unions to sustain their position as serious negotiators with management. The decline of manufacturing industry, and in particular the disproportionate closure of large factories, has contributed to a substantial decline in trades union membership since 1979, with little prospect of an upturn in the foreseeable future (Metcalf 1989a; Stevens and Wareing 1990). Where managers have refashioned business organisations in order to make them more responsive to changes in product markets, traditional arrangements for collective bargaining may also have come under pressure. A trend to decentralise business decision-making and to bring about a more immediate relationship between producers and consumers may have caused the pattern of negotiations to become fragmented. It is possible that certain groups of workers who once bargained together may have found themselves in competition with one another, making it harder for trades unions to retain their traditional bargaining objectives. Some authors have suggested that these developments have been reflected in a profound loss of confidence on the part of union representatives. They have argued that shop stewards' concerns have narrowed to the extent that they are nowadays concerned almost entirely with local establishment issues to the exclusion of broader matters affecting other parts of the organisation or industry in which they work (Brown 1983). For Tailby and Whitson (1989) the course of recent change has been determined almost exclusively by management, with workers' representatives playing only a marginal role:

The unions have been unable to exert much influence on either the pace or the direction of change since the late 1970s, often accepting a managerial logic of change as a response to seemingly irresistible external competition . . . the re-establishment of managerial prerogative and the downgrading of collective bargaining have in many cases undermined the status of shop stewards, and a new emphasis on the 'individualised' employment relationship has been carried over into work organisation and the choice of technologies. (Tailby and Whitson, 1989 p.18)

Taken together, workers' embrace of 'realism' and other related changes in the legal and business environment may have undermined both their willingness and their ability to oppose management initiatives which adversely affect their interests. For Terry (1989) workplace trades unionism faces nothing less than a 'crisis' (p194) of aims and identity, no longer able to put forward a distinctive and convincing case on behalf of workers. As managers have become more confident and assertive in pursuit of distinctive aims, it may be that workers and their trades unions have felt it increasingly impossible to alter the course of change.

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An alliance of insiders?

Despite managers' new confidence and workers' reluctance to press their case, the distinctive feature of traditional accounts is that both parties continue to believe that employment is an adversarial relationship. For example, Kelly and Richardson (1989) have suggested that managers' inclination to improve productivity primarily by increasing wages rather than through initiatives to improve trust between workers and managers serves as proof of how little they have changed their view of the employment relation:

The fact that managers were prepared to pay for the new working arrangements in this way meant that they were in effect making an alliance with the surviving workers, the insiders. This reduced the likelihood of a build up in resentments because no group remaining in the organisation was a clear loser. (Kelly and Richardson 1990 p.144)

The essence of this attempt to account for recent history is that workers have accepted an extension of managers' prerogative in return for higher wages. According to this view, managers and workers have continued to understand their relations primarily as an exchange of money for effort or a 'wage-effort bargain'. It is inevitable that within such a perspective managers and workers must regard their interests as opposed:

As wages are costs to the firm, and the deprivations inherent in effort mean costs to the employee, the interests of management and wage-earners are diametrically opposed ... The dominant motives of workers cannot be explained unless one assumes that in fact they do compare potential earnings with required effort intensity. (Baldamus 1961 p.105-107)

Looking at things in this way suggests that during the early 1980s managers may have taken advantage of the increased bargaining power granted to them by rising unemployment, applying measures to 'increase the degree of effort which the employee is expected to surrender to the firm' (Baldamus 1961 p.47).

Within the traditional account, recent changes in industrial relations have been mapped according to the shifting contours of the wage-effort bargain. Here it must be admitted that empirical proof has been hard to come by. In practice, it has proved hard to measure changes in workers' effort. There is no single coherent definition of 'effort' that might be applied to workers across the broad spectrum of employment. And it is well known that existing measurement techniques such as work-study depend to a considerable degree upon subjective judgements (Rogers and Hammersley 1954; Guest 1990). But despite these difficulties, and in the absence of anything more comprehensive, work-study data collected by researchers

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over a period of several years from a large panel of manufacturing workplaces has pointed to a potentially interesting interpretation of recent history. By using this data to construct an index of labour utilisation, Bennet and Smith-Gavine have suggested that the level of effort supplied by workers in manufacturing industry rose dramatically during the early 1980s, reaching a peak during 1983 (Bennet and Smith-Gavine 1988). After 1983, as the immediate threat of unemployment waned, the trend of the index indicated that managers and workers may have reappraised their wage–effort bargain. The effort bargain, which had moved into a state of extreme ‘disparity’ during the early 1980s, moved closer to a state of ‘parity’ or equilibrium. Sharp rises in real wages took place because employers felt obliged to compensate workers for their greater efforts. The relative absence of overt industrial conflict in recent years can therefore be accounted for by employers having bought peaceful relations with workers (Kelly and Richardson 1989).

In brief, according to the traditional account, despite a general absence of visible industrial conflict, an adversarial conception of the employment relation has continued to permeate the thinking of all managers and workers. Although there have been considerable changes in the international economy, changes in the attitudes of parties to the employment relationship have reflected nothing more than a re-calculated wage–effort bargain. The shifts evident in the conduct of industrial relations in recent years have reflected calculations based upon narrow short term interests and have been the product of a limited adjustment to circumstance.

The alternative account: a ‘new industrial relations’

There is another, more iconoclastic account of the way in which relationships in employment have developed. Some commentators have pointed towards the growth of a ‘new industrial relations’, whose aim has been to foster a more positive and less adversarial organisation culture. The terms used to describe the broad approaches used in these endeavours have varied. Of late, the management of ‘human resources’ has come into vogue at the expense of the management of ‘personnel’ and ‘industrial relations’. In this book, new techniques which have emphasised that employment should be founded upon extensive mutual obligations and a sense of shared dedication towards a common goal are generally referred to as contributing towards a ‘new industrial relations’. First illustrated by American scholars from the late 1970s onwards, this term encompasses the growing body of management beliefs and employment practices directed towards ‘winning the hearts and minds’ of employees in order to build a common commitment to organisational advancement (Walton 1985; Kochan *et al.*

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1986; Capelli and McKersie 1987). These new management beliefs and policies are elaborated below.

New management attitudes

It may be that managers have developed new ways of managing industrial relations which are intrinsically more successful than earlier approaches. The stimulus for the development and application of these new techniques has been the intensification of international competition. Their distinctive character stems from an attempt to persuade workers to give their best efforts to the enterprise for which they labour. It is possible that the 'new industrial relations' has been the result of a happy coincidence of modern developments. Increased competition may have caused employers to develop new forms of decision-making which have proved not only more efficient but which have also made work more satisfying for workers. Furthermore, new forms of work organisation, often aided by new technology, may have ensured that deprivation is no longer inherent in effort. If these claims are true, then the idea of a wage-effort bargain is no longer relevant, and it is possible that harmonious and co-operative relations will become increasingly widespread in employment.

Evidence of changes in the attitudes of senior managers was provided in an interview survey organised by Edwards (1985a, 1985b). The survey was unusual in that it reported the views of senior production or works managers rather than personnel specialists. The results suggested that these managers, who have in the past often been associated with antipathy towards the personnel function, have now come to believe that employee relations policies are influential in contributing to business success. Edwards found that a substantial minority of works managers judged employee involvement and open management to be important features of effective personnel policies. He concluded,

The implication is that there is a widespread desire to go beyond reliance on traditional methods of collective bargaining so as to establish a more positive and less of a 'them and us', approach to industrial relations. (Edwards 1985a p.6)

Not only did the managers who were surveyed state their belief that success in business now depends upon the co-operation and integrated efforts of all employees, many of them also said that they measured their own success by the extent to which they convinced workers of their case for change:

To the extent that they had secured a change of attitude on the shop floor, the managers could feel that they had coped successfully. In doing so they used a policy based on co-operation . . . and not confrontation with the shop stewards. (Edwards 1985b p.8)

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Further examples of a 're-orientation of management thinking' have been provided by Storey (1988 p.25; 1992). He has argued that during the 1980s managers became progressively more enthusiastic about new techniques which introduced change by fostering an atmosphere of consent and goodwill. An important feature of these new techniques was that they emanated not from personnel and industrial relations management but rather from a wider variety of business managers. It may be that an increased number of managers from all functions in business have come to believe that staff motivation and development has become a more important aspect of their work.

It may also be the case that managers have started to explain and justify to employees their reasoning for business decisions in a more systematic and convincing manner than hitherto. Survey evidence has suggested that some managers have put a belief in more open management into practice. They have claimed to consult workers or their representatives on a wider range of issues than in the past, and they may also have paid closer attention to maintaining effective means of communication and consultation (ACAS 1991, Scott 1991). Methods of communicating and consulting directly with employees, for example through team briefing and the use of quality circles, may also have sometimes augmented more traditional methods such as joint consultative committees which relied solely upon worker representatives, (ACAS 1991a; Millward *et al.* 1992). Qualitative evidence from case studies has suggested that initiatives to involve employees directly in the affairs of the company have sometimes been actively supported by union representatives, and according to both management and workers have led to an improvement in work relations (Marchington *et al.* 1992). Together these findings point to the potential development of a more 'open' management style in which 'adversarial relations' have at least in part given way to an approach in which all parties may have been more inclined to stress their common interests.

These developments in the management of industrial relations, perhaps brought about by personnel and production managers working more closely together, have produced new thinking about worker motivation and the efficient organisation of production. New approaches often seem to have required that employees perform a wider range of tasks whilst working in teams which have considerable autonomy. Kochan *et al.* (1986) have argued that the clear trend in job re-design in the USA has been to decentralise management authority and increase the degree of task-related problem-solving. Many British companies have also adopted similar working practices such as 'just-in-time production' and 'total quality management', requiring that workers be given greater authority to control and even stop production without the direct permission of management (Oliver and Wilkinson 1988). From a managers' point of view, Wickens