

THE 1998
WORKPLACE EMPLOYEE RELATIONS SURVEY

First Findings



MARK CULLY
ANDREW O'REILLY
NEIL MILLWARD
JOHN FORTH

STEPHEN WOODLAND
GILL DIX
ALEX BRYSON

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All responsibility for the text lies with the authors who write in a personal capacity and whose views should not be attributed to the sponsors.

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Note on tables and figures

- 0 Less than 0.5 per cent, including none
- Not applicable

The number of observations varies due to differences in the base, and due to exclusion of cases where the respondent did not know, or could not answer the question. Unless stated otherwise, the level of missing responses is never more than 2.5 per cent.

Introduction

British employment relations has been a perennial topic of discussion, debate and, often enough, dispute. As long as it has been a topic of discussion, so too has it generated demands for evidence and facts. Just over one hundred years ago, the Labour Department was established in the then Board of Trade, with part of its remit to compile and publish national statistics on wages, strikes and so forth, so as 'to provide a sound basis for the formation of opinions' according to its head, Llewellyn Smith. That is what this booklet provides: reliable, nationally representative data on the current state of workplace relations in Britain, so that debate about its future shape might be guided by numbers as much as narratives.

It is based entirely on information gathered in the 1998 Workplace Employee Relations Survey (WERS 98), the largest survey of its kind conducted in the world, and the fourth in a series of surveys which began in 1980. The survey was conducted by Social and Community Planning Research (SCPR) between October 1997 and June 1998 and involved interviews with managers and worker representatives in over 3,000 workplaces, and the collation of completed questionnaires from close to 30,000 employees in those same workplaces.

Like its predecessors, conducted in 1980, 1984 and 1990, the emphasis of the survey is on examining what is, rather than what ought to be, the current situation. It is uniquely well placed to do this, because of the manner in which the survey is funded, organised and conducted. There are four sponsoring bodies: the Department of Trade and Industry, the Economic and Social Research Council, the Advisory, Conciliation and Arbitration Service, and the Policy Studies Institute. This multi-sponsorship means that no one organisation is able to steer the exercise too far in its preferred direction, and as a consequence the questionnaires, and publications such as this booklet, must be even-handed. Certainly, when examining relations between managers and managed, it is unavoidable that one will uncover conflict and excite controversy. We have not shied away from this, but remain impartial when seeking to attribute cause and effect. This impartiality in approach, and presentation, is further emphasised by the fact that we have collected data from managers, worker representatives and, for the first time in the series, from employees, so that we are able to present a variety of perspectives.

There is a great deal of interest in the results of the survey. We will be publishing a full, interpretive account of the survey findings – a 'sourcebook', together with an additional volume on change in employment relations (see 'Further information') – in September 1999. That is a considerable time to wait, both for the respondents whom we undertook to report back to and the wider community, so we have produced this booklet which presents the *first* findings from the survey.

It appears at a time of heightened interest in the world of work. Bodies as diverse as the Royal Society of Arts and the Council of Churches of Britain and Ireland have been investigating societal trends in work and employment relations. On the policy front the Low Pay Commission recently published its first report on low pay and how a national minimum wage might be implemented, while the government has proposed a programme of legislative reform in its White Paper,

Fairness at Work.¹ The data we present in this booklet is germane to many of these debates.

Handling the volume of information collected in the survey for just a few months means that we have had to be modest in our aims for this booklet. They are threefold:

- i to illustrate the breadth of the survey, so that readers can assess whether the sourcebook is likely to prove useful to them, and for the research community to judge whether the publicly available data sets might provide the basis for future work;
- ii to present headline results outlining the present shape of employment relations and working life in Britain; and, in doing so,
- iii to stimulate debate by raising a number of questions where suggestive associations are found, and which we intend to tackle in our full account of the results.

The design and conduct of the survey

Many of the parameters for conducting the survey were pre-determined by the need for a close resemblance to earlier surveys in the series, in order to capture changes over time. Nonetheless, the sponsors were mindful that much had changed in the world of work over the past two decades since the first survey in the series was carried out, and felt it was time to reconsider the structure and content of the survey.

Commissioned reports recommended a re-orientation in the survey content, away from detailed questioning on union organisation and collective bargaining, and more towards the management of employees. Topics covered in detail for the first time in the survey include: equal opportunities; family-friendly employment practices; recruitment and training; quality improvement schemes; performance appraisal; and, the individualisation of employment contracts. A taste of some of these is provided below.

Criticism of past surveys had raised two areas that we tackled through important innovations in the series: the coverage of small workplaces, and the role of employees in the survey. Previous surveys covered workplaces with a minimum of 25 employees; this time the threshold was lowered to 10 employees so that the survey as a whole now represents 15.8 million employees – about three-quarters of all employees in employment in Britain. For comparison with earlier surveys, the results presented in this booklet are mainly confined to workplaces with 25 or more employees, but there is a separate section devoted to small business where the very small workplaces are included. The second key innovation was to incorporate employees within the scope of the survey. The earlier surveys had always involved interviews with both managers and worker representatives, but had otherwise not involved employees. After reviewing the experience in other countries (notably Australia) and conducting some pilot tests, we opted for an approach where we asked managers in each workplace to distribute a short

questionnaire to 25 randomly chosen employees.² Thus, in each workplace, an interview was conducted with a manager with day-to-day responsibility for employee relations matters, with a worker representative if one was identified,³ and last, a sample of employees was invited to complete a short questionnaire about their work and their workplace.

A final, but separate, piece in the jigsaw was our 1990-98 panel survey. Of the 2,061 workplaces which took part in the 1990 survey, around two-thirds were selected to be tracked down and re-surveyed if they were still operating. In these workplaces an interview was conducted only with a manager. The basis of the interview was to repeat many of the questions from the 1990 survey, and to identify what had caused change where changes were identified. In combination, the main survey and the panel survey will allow us to distinguish how much change arises through alterations in the composition of workplaces – for example, the ongoing shift towards smaller, service sector workplaces – and how much through changes that occur within workplaces.

Response rates are critical in assessing whether survey findings have any general validity, and this series of workplace surveys has always prided itself on exceptionally high response rates for what is a voluntary exercise. WERS 98 has continued this tradition. In the main survey, 2,191 workplaces with 10 or more employees participated, a response rate of 80 per cent. Interviews were conducted with a manager in each workplace, and 950 worker representatives were also interviewed, representing 82 per cent of cases where an eligible representative was identified. Completed questionnaires were obtained from 28,323 employees, around two-thirds of those distributed. In the panel survey, 270 of the 1,300 workplaces were found to have closed (or had dropped below 25 employees),⁴ and of the remainder 882 took part, a response rate of 86 per cent. Such high response rates are testimony to the commitment of the SCPR interviewers and research staff. They also signal the very high level of interest we found among respondents in giving voice to their own perspective on Britain at work.

The compilation of these voices, to give wider meaning to them by discerning the patterns which emerge, is what we now turn to. All results are weighted⁵ and are fully representative of all British workplaces with 25 or more employees, except for the section on small business employment relations (where we look at stand-alone, private sector workplaces with between 10 and 99 employees).

A profile of workplaces and workforce composition

Having got this far, we now need to explain precisely what we mean by a workplace. The definition we used was 'the activities of a single employer at a single set of premises'. A bank branch or a high street store that is part of a chain are each workplaces in their own right, as are the head offices of those companies. Hospitals or factories or local authority offices are often composed of several buildings. They constitute single workplaces where they form a single set of premises, but otherwise might count for two or more workplaces. Thus, workplaces are sub-sets of organisations, except where the workplace is the sole

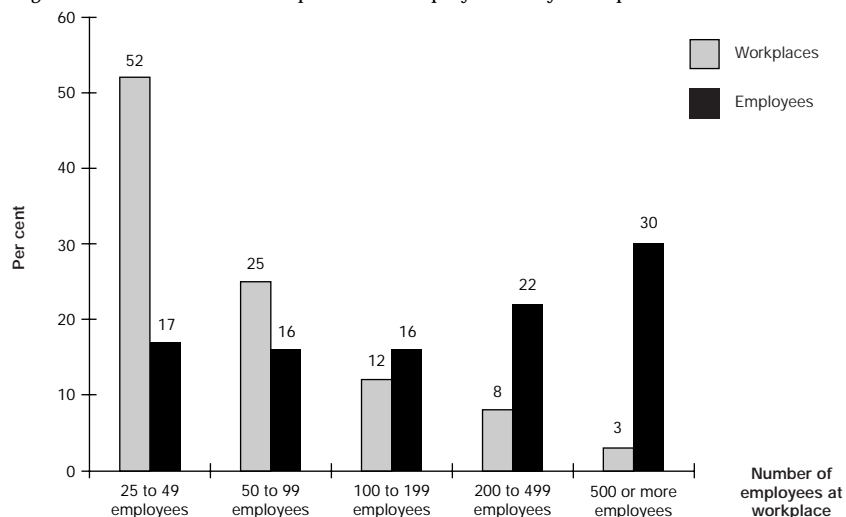
one in an organisation and it is only here that the terms ‘workplace’ and ‘organisation’ are interchangeable. They are the basic unit in which the verities of the employment relationship are played out on a daily basis; hence, they are the most suitable unit in which to conduct a survey about employment relations.

The scope of workplaces within the survey population is extremely diverse. Taken as a whole, the sample represents around 128,000 workplaces across Great Britain with 25 or more employees involved in all types of activities.⁶ The results presented from here onwards can only begin to unravel the complexity of workplace employment relations and the factors which help to explain the patterns and clusters among them. We begin by looking at employment size, as shown in Figure 1.

It is a highly skewed distribution, with the smallest workplaces accounting for over half of all workplaces and the largest making up just 3 per cent of the total. However, these differences are reversed when looking at employment share. The largest workplaces employ almost a third of all workers, with the remaining two-thirds fairly evenly distributed across other size bands. Where relevant, we therefore report estimates on employment share together with those on workplaces.

Besides workplace employment size there are various ways to categorise workplaces – for example, foreign ownership, presence of a working owner, geographical location, age of the workplace, and so on – to see if they help to explain the prevalence of different types of employment relations. In this booklet, besides workplace employment size, we will concentrate primarily on industrial activity and whether the workplace is part of the private or public sector.⁷ In Table 1, we show the make-up of workplaces across these two dimensions. As can be seen, the two are strongly associated, with the bulk of workplaces within an industry falling into either the public or private sector. The only major exceptions to this rule are workplaces in health and other community services.

Figure 1 Distribution of workplaces and employment, by workplace size



Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,929 managers.

Table 1 Distribution of workplaces, by industry and sector

<i>Industry</i>	<i>Private sector</i>	<i>Public sector</i>	<i>All workplaces</i>
	<i>Row %</i>	<i>Row %</i>	<i>Column %</i>
Manufacturing	99	1	18
Electricity, gas and water	85	15	0
Construction	88	12	4
Wholesale and retail	99	1	18
Hotels and restaurants	96	4	6
Transport and communications	78	22	5
Financial services	100	0	3
Other business services	87	13	9
Public administration	-	100	6
Education	13	87	14
Health	57	43	13
Other community services	71	29	4
All workplaces	72	28	100

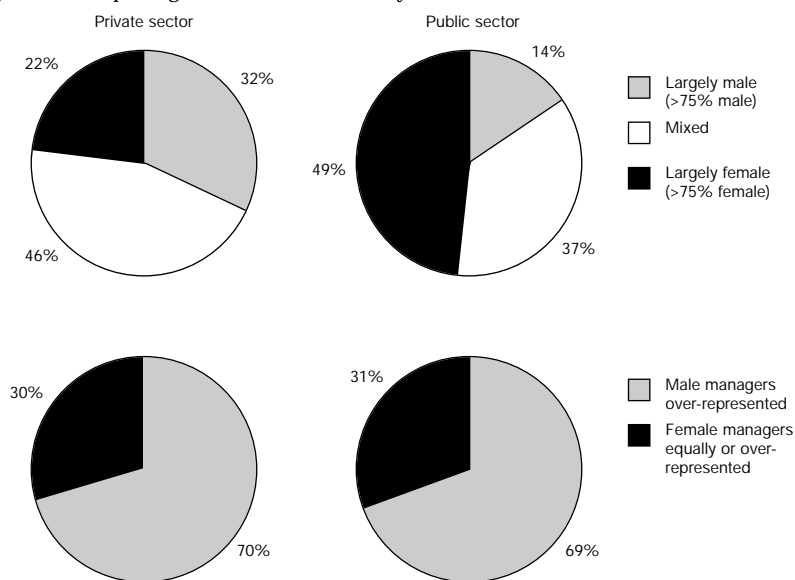
Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,929 managers.

Workforce composition

Marked differences are apparent in workforce composition across these groups. As might be expected, workplaces making or doing different things have differing skill requirements, and there are very substantial differences in occupational composition by industry. For example, almost all education workplaces employ professional workers but few employ plant and machine operatives, who are mostly found in manufacturing. The survey evidence can also be used to look at the extent of gender concentration within workplaces. Of all workplaces, only a minuscule proportion employ either all women or all men. However, if we adopt a less stringent criterion of, say, a workforce which consists of, at least, three-quarters women or three-quarters men then there is very considerable variation across workplaces. Overall, 29 per cent of workplaces have a largely female workforce, 27 per cent of workplaces have a largely male workforce, and the remaining 44 per cent are mixed. Figure 2 shows how this varies by sector.

Under a quarter of private sector workplaces have a largely female workforce compared with near half of workplaces in the public sector. The two industries where there are very substantial proportions of workplaces with a largely female workforce are health (84 per cent) and education (63 per cent), while high proportions of workplaces with a largely male workforce are found in construction (85 per cent), transport and communications (71 per cent) and electricity, gas and water (70 per cent). The survey data can be used to conduct more nuanced investigations of gender concentration, as managers were asked to provide information on the number of employees who fell into the nine main occupational groups by gender and full or part-time working.

Figure 2 Workplace gender concentration, by sector



Base for row one: all workplaces with 25 or more employees. Figures are weighted and based on responses from 1,914 managers.
 Base for row two: all workplaces with managers with 25 or more employees. Figures are weighted and based on responses from 1,794 managers.

The other dimension of gender concentration highlighted in Figure 2 is the share of managerial posts held by men and women. Compared with their overall share of employment in a workplace, we looked at whether women made up a similar, lower or greater proportion of managers – for example, if women make up a third of the workforce in a workplace, do they also account for a third of managerial posts, or are they ‘under’ or ‘over-represented’ at management level? Here, there is a much more uniform pattern of results across sector. The number of workplaces where male managers are ‘over-represented’ relative to their share of employment is more than double that where female managers are equally or ‘over-represented’, and this applies in both the private and public sectors.

Numerous other aspects of workforce composition are also examined in the survey, including employment of younger and older workers, those from ethnic minorities and workers with disabilities. We now turn, however, to the employment of part-time workers – defined as those working fewer than 30 hours a week. Part-time workers account for a quarter of all jobs in workplaces with 25 or more employees, yet their distribution varies enormously across workplaces of different types. Overall, as Table 2 shows, 16 per cent of workplaces employ no part-timers, while in 26 per cent of workplaces, part-timers form a majority of the workforce – this latter figure is up from 16 per cent in 1990.

Substantial proportions of workplaces in manufacturing, electricity, gas and water, and construction use no part-timers at all, while similarly high proportions

Table 2 Use of part-time employees, by industry

<i>Industry</i>	<i>No part-time employees</i>	<i>Most employees part-time</i>
	<i>% of workplaces</i>	<i>% of workplaces</i>
Manufacturing	36	1
Electricity, gas and water	51	0
Construction	39	0
Wholesale and retail	14	43
Hotels and restaurants	3	55
Transport and communications	23	4
Financial services	20	5
Other business services	23	7
Public administration	9	1
Education	0	40
Health	1	50
Other community services	8	51
All workplaces	16	26

Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,914 managers.

of workplaces in wholesale and retail, hotels and restaurants, education, health, and other community services employ a majority part-time workforce. This is likely to have considerable ramifications for a variety of employment relations matters. It also suggests that there are likely to be a number of variants of the so-called flexible firm, which we now turn to directly.

Workplace flexibility

Commentators, looking at the British labour market, often highlight the issue of flexibility. Such commentary usually relies on aggregated employee data, and we are able to add to this by looking at the ways in which *employers* adjust and deploy labour to meet changes in demand. We begin by looking at the extent to which workplaces contract out different services.

Managers were shown a list of eleven potential activities or services, and asked to list those which were contracted-out at their workplace.⁸ Around 90 per cent of workplaces contract out one or more services, and this proportion was similar in both the private and public sectors. On average, four services were contracted-out. Most common were building maintenance (61 per cent), cleaning (59 per cent), transporting of documents or goods (39 per cent), training (38 per cent) and security (35 per cent). Workplaces in the private sector were much more likely to contract out security and recruitment, whereas those in the public sector were more likely to contract out catering.

If the extent of contracting-out has been on the increase, it may have led to a reduction in direct employment within workplaces. We asked managers in workplaces which had contracted-out services whether contractors were doing

work which five years previously would have been undertaken by direct employees of the workplace, and a third said this was the case. Moreover, among these workplaces, one-third were using contractors of whom at least some were former employees of the workplace. Thus, by this route 11 per cent of workplaces have transferred some employees to a different employer over the past five years. This proportion was far higher in the public sector (22 per cent) than the private sector (6 per cent). We did not investigate whether transfers of employment were also occurring in the opposite direction – from contractor to employee – though we can infer from Figure 3 below that it would have been slight.

Other types of workers employed

The other area where there has been much discussion about flexibility is so-called non-standard employment, often defined as widely as anything that is not full-time permanent work. We are able to examine the proportion of workplaces using different categories of non-standard workers, such as freelancers (13 per cent) and outworkers (6 per cent), but here we focus on the use of temporary agency workers ('temps') and fixed-term contract employees. As can be seen from Table 3, the majority of workplaces do not use temps or employ people on fixed-term contracts (though Figure 3 below shows that a majority of workplaces have been users of each group within the past five years). This is very strongly associated with employment size: only a fifth of small workplaces, for example, use temps compared with three-quarters of the largest workplaces.

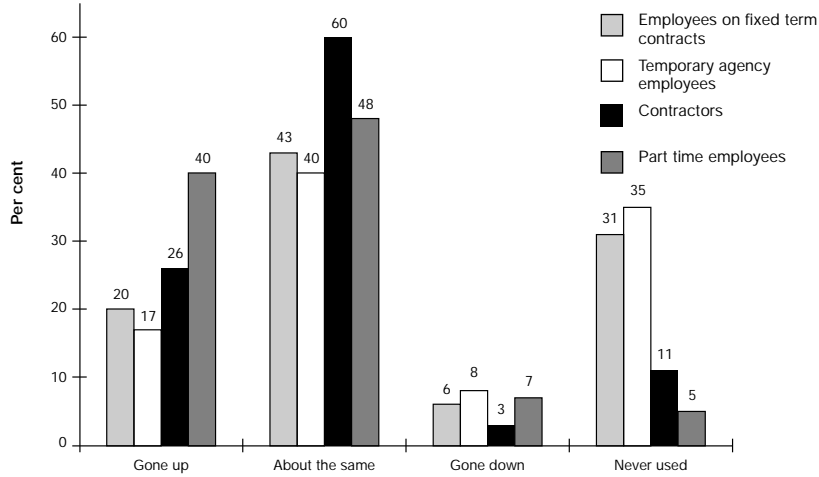
Table 3 Use of temporary agency workers and fixed-term contracts, by occupation

<i>Occupation</i>	<i>Temporary agency workers</i>	<i>Fixed-term contracts</i>
	<i>% of workplaces employing</i>	<i>% of workplaces employing</i>
Managers and administrators	1	6
Professional	5	15
Associate professional and technical	5	6
Clerical and secretarial	17	13
Craft and related	2	3
Personal and protective service	2	5
Sales	0	4
Plant and machine operatives	4	2
Other occupations	5	6
None of these workers used	72	56

Base: workplaces with 25 or more employees.

Figures are weighted and based on responses from 1,921 managers.

Figure 3 Change in the use of different forms of labour over the past five years



Base: all workplaces that are five or more years old with 25 or more employees. Figures are weighted and based on responses from 1,706 managers.

Among those that do use temps or fixed-term contract employees, the occupational patterns are revealing. As might be expected, clerical and secretarial temps are by far the most frequently used. What is perhaps more notable is the use of professional workers as temps and as employees on fixed-term contracts: 5 per cent of all workplaces (or 18 per cent of those employing temps) engage professional temps, and more than a third of workplaces using fixed-term contracts have professional employees on these contracts. In education, nearly three-quarters of workplaces employ professionals on fixed-term contracts.

The duration of fixed-term contracts is variable but, if they are for more than one year, employees can agree to waive their right to complain of unfair dismissal if the contract is not renewed at its expiry. We found that 20 per cent of workplaces had some employees on fixed-term contracts which ran for more than one year and, of these, 22 per cent had inserted waiver clauses in the contracts.

The ability of managers to adjust the size of their workforces in line with requirements and demand – usually referred to as ‘numerical flexibility’ – appears to be quite widespread. It has also increased over the past five years, as shown in Figure 3. In each of the four categories, the number of workplaces reporting greater use of contracting-out and ‘non-standard’ workers far outweighs the number where it has gone down.

Another form of flexibility is ‘functional’ flexibility, which refers to the ability to move workers from one task to another. We asked managers to tell us what proportion of employees in the occupation with the most employees at the workplace were formally trained to be able to do jobs other than their own. In more than half of all workplaces this form of flexibility is either non-existent or negligible, but in around a quarter of workplaces, most employees in the largest occupational group are trained to be adaptable. There are negative associations between the use of ‘non-standard’ workers – particularly, the use of temporary agency workers – and the proportion of employees who are trained to be functionally flexible.

The management of employees and employee involvement

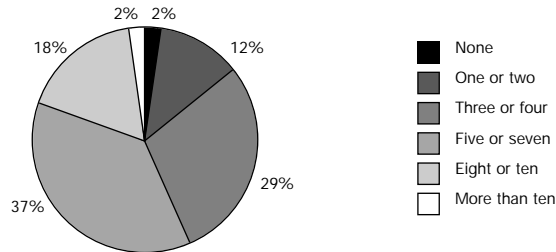
A great deal of attention has been devoted over the past decade to the promise of new ways of working, ways – the proponents argue – of yielding more from less. These have been labelled high performance or high commitment or, often enough, high involvement work practices. The latter term suggests some overlap with schemes to promote employee involvement, so we will consider both together. Many of the practices grouped under this banner are not really new at all; indeed, many can be traced back to ideas promoted by the ‘human relations’ school in the 1930s, if not farther. Nor are we able to say with our survey whether workplaces operating these practices have introduced them recently – or as long ago as the 1930s! What is arguably new is the conjunction of management practices with employee involvement, which is the basis for arguments that the combination, or clustering, of certain management practices with methods of employee involvement will engender employee commitment and promote high performance. Table 4 is a list of sixteen frequently discussed management practices and employee involvement schemes, and we show what proportion of workplaces are currently operating them. This table provides an overall perspective on the incidence of these practices and schemes and disguises considerable variation in their application, which relates to factors such as sector, employment size and the type of union presence. For example, it is extremely rare to find employee share ownership schemes in the public sector (0 per cent) so the private sector figure (21 per cent) is correspondingly higher than the total. We will examine these differences in our sourcebook.

Table 4 Use of ‘new’ management practices and employee involvement schemes

	<i>% of workplaces</i>
Most employees work in formally designated teams	65
Workplace operates a system of team briefing for groups of employees	61
Most non-managerial employees have performance formally appraised	56
Staff attitude survey conducted in the last 5 years	45
Problem-solving groups (e.g. quality circles)	42
‘Single status’ between managers and non-managerial employees	41
Regular meetings of entire workforce	37
Profit-sharing scheme operated for non-managerial employees	30
Workplace operates a just-in-time system of inventory control	29
Workplace level joint consultative committee	28
Most supervisors trained in employee relations skills	27
Attitudinal test used before making appointments	22
Employee share ownership scheme for non-managerial employees	15
Guaranteed job security or no compulsory redundancies policy	14
Most employees receive minimum of 5 days training per year	12
Individual performance-related pay scheme for non-managerial employees	11

Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,926 managers.

Figure 4 Number of 'new' management practices and employee involvement schemes



Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,902 managers.

We are able to investigate what combinations of these are most common. Figure 4 shows the number of different types of practices and schemes in operation at the workplace. They are fairly widespread, with well over half of workplaces having five or more of the sixteen practices, and a fifth with eight or more. Moreover, there are definite groupings of practices which emerge from correlation and factor analysis.

Training, teamworking, supervisors trained in employee relations matters and problem-solving groups are all associated with one another. In combination, this group of practices might be construed as a model of direct employee participation in decision-making. Individual performance-related pay, profit-sharing schemes and employee share ownership appear to be complementary rather than substitute methods of financial participation, and may serve to promote individualisation as they are negatively associated with single status schemes. Single status is, however, strongly associated with team working and job security. The use of psychometric testing is very strongly associated with the conduct of staff attitude surveys and performance appraisal schemes, suggesting something about the sophistication of modern management in selecting and monitoring employees.

Only 2 per cent of managers reported none of these practices or schemes in place whatsoever. In many of these areas we also asked detailed questions about practice on the ground. This allows analysts to draw their own conclusions about how far such practices have truly become embedded in the labour process. For example, 65 per cent of managers reported that most employees (in the largest occupational group) at the workplace worked in formally designated teams. However, of these, only 5 per cent said that team members had to work together, were given responsibility for specific products or service, jointly decided how work was to be done, and appointed their own team leaders. Yet it is this latter definition which is put forward by proponents of autonomous team working.

Indirect employee participation

Since 1995 certain large British employers have been required under a European Commission directive to set up European works councils. These are ones with

Table 5 Incidence of joint consultative committees, by workplace and organisation size

	<i>No committees</i>	<i>Workplace committee only</i>	<i>Workplace and higher level</i>	<i>Higher level committee only</i>
	<i>% of workplaces</i>	<i>% of workplaces</i>	<i>% of workplaces</i>	<i>% of workplaces</i>
<i>Workplace size</i>				
25 to 49 employees	52	11	8	29
50 to 99 employees	47	20	10	23
100 to 199 employees	38	27	14	21
200 to 499 employees	28	28	28	16
500 or more employees	22	43	23	11
<i>Organisation size</i>				
Less than 100 employees	80	16	0	4
100 to 999 employees	57	31	4	8
1,000 to 9,999 employees	31	17	14	38
10,000 or more employees	20	11	23	45
All workplaces	46	17	11	25

Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,890 managers.

1,000 or more employees working in member states of the European Union (excluding the United Kingdom) and at least 150 employees working in two or more of the member states (again, excluding the United Kingdom).⁹ We asked managers in workplaces that were part of private sector, multi-national companies whether a European works council operated in their organisation, and 19 per cent said that it did. It should also be noted, however, that 15 per cent did not know, which is perhaps unsurprising given their remoteness from the workplace. We also looked at other types of consultative bodies in operation within the workplace or at a higher level in the organisation. Table 4 revealed that 28 per cent of workplaces had a joint consultative committee in operation at the workplace, meaning there has been no change in their overall incidence since 1990. A further 25 per cent of workplaces had no workplace committee, but did have a committee which operated at a higher level in the organisation. Table 5 shows how these committees are related to workplace and organisation size.

From this it can be plainly seen that workplace committees are much more frequent among large workplaces, and higher level committees are much more frequent in larger organisations. All in all, some 67 per cent of employees are in workplaces with joint consultative arrangements at either the workplace or a higher level in the organisation.

Fair treatment at work

Under labour law in Britain, discrimination on the grounds of sex, race, and disability is unlawful. Freedom of association for union members is also enshrined in law. One of the ways in which employers may strive to give practical effect to these laws is by establishing policies and practices designed to combat discrimination and promote equal treatment.

Some two-thirds of workplaces (64 per cent) are covered by formal written equal opportunity policies which specifically address equality of treatment or discrimination. Among these workplaces, the areas covered by policies include sex (98 per cent), race (98 per cent) and disability (93 per cent), all statutory grounds. Religion (84 per cent), marital status (73 per cent) and age (67 per cent) also featured strongly. The area which featured least often in policies was trade union membership (51 per cent).

Overall, half of workplaces without a formal written policy claimed to have an unwritten one or otherwise aimed at being an equal opportunity employer. In a third of workplaces without a policy, managers saw them as unnecessary, and a further 2 per cent said that they did not need a policy as their workplace employed few or no people from disadvantaged groups! Workplaces without a policy were predominantly small.

In Table 6, we compare the responses of workplaces with and without a policy to a range of questions on practices which might be seen as consistent with those of an equal opportunity employer.

This shows, unequivocally, that workplaces with a formal equal opportunities policy are much more likely to have a range of practices in place which aim to promote equal treatment. These practices are not restricted to larger workplaces – we controlled for employment size and found a strong, positive association between policy and practice among workplaces of a similar size. There were several other questions in the survey which asked about equal opportunity policies and practices, including some which enable an assessment to be made of their effectiveness.

Table 6 Equal treatment practices, by formal equal opportunities policy

	<i>Formal equal opportunities policy</i>	<i>No policy</i>
	<i>% of workplaces</i>	<i>% of workplaces</i>
Keep employee records with ethnic origin identified	48	13
Collect statistics on posts held by men and women	43	13
Monitor promotions by gender and ethnicity	23	2
Review selection procedures to identify indirect discrimination	35	5
Review the relative pay rates of different groups	17	15
Make adjustments to accommodate disabled employees	42	16
None of these	27	67

Base: all workplaces with 25 or more employees.
Figures are weighted and based on responses from 1,906 managers.

Handling of grievances and disciplinary cases

By and large, almost all workplaces have procedures in place to assist a fair resolution of employment rights disputes. In 92 per cent of workplaces there was an individual grievance procedure, and a similar proportion of workplaces operated formal disciplinary procedures. This situation has long been the case as earlier surveys in this series show, with very little change evident since 1984. Both types of procedures are more common in larger workplaces, but even in the smallest workplaces they are very much the norm. For example, among those with 25 to 49 employees 88 per cent operated a disciplinary procedure, and 87 per cent had a grievance procedure in place.

Simple indicators of procedures give us a partial picture as to whether employees are treated fairly when they raise grievances or action is taken to discipline or dismiss them. Another indicator is the actual process followed, including whether employees are accompanied by a third party at hearings to decide their fate and whether they are able to appeal against decisions.

Just 3 per cent of all workplaces do not allow employees to be accompanied by a third party in actions taken to discipline or dismiss them, and a further 2 per cent only allow the option of bringing a supervisor or line manager along – of little comfort if the dispute is centred around relationships with them, as they often are. Where they can be independently accompanied, 41 per cent of workplaces allow the employee to choose who to accompany them. The remainder have a variety of options, ranging from trade union representatives (45 per cent), to full-time union officials (27 per cent), and nearly all permit colleagues to join the employee (87 per cent). Almost all of the cases where there is no right to be accompanied, or where the option is confined to the boss, are workplaces without any union presence at all.

The same pattern applies to grievances, though here we are restricted to looking at the 92 per cent of workplaces with procedures. Just 3 per cent of workplaces with a grievance procedure do not allow employees to be accompanied when raising a grievance, or only allow them to be accompanied by their boss. In 38 per cent of workplaces with a procedure employees are free to choose their companion. The remainder have a variety of options, including trade union representatives (50 per cent), full-time union officials (25 per cent) and colleagues (85 per cent).

Employees are also, overwhelmingly, able to appeal against management decisions to discipline or dismiss them. Only 4 per cent of workplaces did not allow this, mostly those without a formal disciplinary procedure in place.

Union membership and recognition

Much is already known about patterns of union membership from information provided by unions themselves or collected in household surveys like the Labour Force Survey. Our survey allows us to look at how union membership varies across workplaces. We use information from management, though it is also possible to examine evidence from the employee survey.¹⁰ In 47 per cent of workplaces there

Table 7 Indicators of union presence, by workplace size and management attitudes

	<i>Union density</i>	<i>Any union members</i>	<i>Union recognition</i>
	<i>% of employees who are members</i>	<i>% of workplaces</i>	<i>% of workplaces</i>
<i>Workplace size</i>			
25 to 49 employees	23	46	39
50 to 99 employees	27	52	41
100 to 199 employees	32	66	57
200 to 499 employees	38	77	67
500 or more employees	48	86	78
<i>Management views on union membership</i>			
In favour	62	98	94
Neutral/not an issue	23	40	29
Not in favour	7	16	9
All workplaces	36	53	45

Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,889 managers

are no union members at all – a substantial change from 36 per cent of workplaces in 1990 – while all employees are union members in 2 per cent of workplaces – down from 7 per cent in 1990. The remaining half of workplaces are very evenly distributed between these two extremes.

There are strong associations between the type of union presence and workplace employment size, but even stronger associations with management attitudes towards union membership, as can be seen in Table 7. Nearly two-thirds of employees are union members in the 29 per cent of workplaces where management are in favour of union membership. In workplaces where managers are reportedly neutral, union density is relatively low, and in the 17 per cent of workplaces where management are not in favour, union membership is very low indeed. Whether union membership begets union recognition, or supportive employer policies provide an environment in which union membership can flourish is difficult to establish, but these figures suggest that anti-union sentiments on the part of employers provide a considerable hurdle to overcome if unions are to win members and recognition.

Of the 53 per cent of workplaces with union members, over four-fifths recognise one or more unions for collective bargaining purposes, representing 45 per cent of all workplaces. As shown in Table 7, union recognition was more common among larger workplaces such that overall 62 per cent of employees worked in workplaces with union recognition. The high correlation between union presence and recognition is not related to employment size, but is associated with management attitudes and is substantially lower in workplaces where management are not in favour of union membership.

During the past decade, there has been a substantial fall in union recognition arrangements. Earlier surveys in the series showed a fall from 66 per cent of workplaces in 1984 to 53 per cent in 1990, and now we have recorded a further eight percentage point decline to 45 per cent. Younger workplaces are less likely than older workplaces to recognise trade unions – 28 per cent of those at their current address for less than 10 years recognise unions, compared with 53 per cent which have been at their current address for 10 years or more. But what about change within continuing workplaces? Detailed analysis of the panel survey will appear in our books next year, but within the main survey we are able to make some assessment of change over the past five years. Of all workplaces that are five or more years old, 14 per cent recorded a fall in the number of recognised unions, including 3 per cent which had completely derecognised unions. Only 1 per cent of workplaces recorded an increase in the number of recognised unions, including a small number of entirely new recognition arrangements.

Workplaces with union members but where no unions are recognised account for 8 per cent of all workplaces. Just 1 per cent of workplaces have a majority of employees who are union members but no union recognition arrangements in place. Most of these workplaces are to be found in the private sector. These may well be among the cases where unions will seek recognition over coming years, which will depend on a range of factors such as the definition of the bargaining unit. Over the past five years 4 per cent of workplaces with union members recorded a fresh request for recognition.

Worker representatives

Each of the workplaces in our sample might have potentially contributed a worker representative interview. Less than half did so, nearly always because there was no employee who could be identified in any objective way as filling the role of worker representative – either a lay representative of a recognised union, or an employee who sat as a representative on a workplace-based joint consultative committee. Hence, in the account below we rely in the first instance on management responses, but then supplement it with information from our worker representative sample to look at their role and functions in more detail.

Table 8 shows that lay union representatives (or shop stewards) were, by far, the most common type of worker representative found. Among workplaces which recognised trade unions, 74 per cent had a local union representative, a slight increase from 71 per cent in 1990. A further 8 per cent had recourse to worker representatives from another establishment in the organisation. Only 11 per cent of workplaces without any union members had worker representatives. Among workplaces with worker representatives, it was most common for there to be several representatives, with the median being three (and a mean of 4.3) representatives per workplace. Naturally, the larger the workplace, the greater the number of worker representatives. Overall, we estimate there to be around 218,000 worker representatives across all British workplaces with 25 or more employees.

Table 8 Worker representatives, by type of union presence

	<i>No unions present</i>	<i>Unions present, no recognition</i>	<i>Recognised unions</i>	<i>All workplaces</i>
	<i>% of workplaces</i>	<i>% of workplaces</i>	<i>% of workplaces</i>	<i>% of workplaces</i>
Union and non-union representative	-	-	10	4
Workplace union representative	-	-	64	28
External union representative	-	-	8	4
Non-union workplace representative	11	19	1	7
No worker representative	89	81	17	56

Base: all workplaces with 25 or more employees.
 Figures are weighted and based on responses from 1,889 managers.

Virtually all of the worker representatives we interviewed (95 per cent) were lay union representatives, rather than representatives from workplaces without union recognition. The remainder of this section therefore concentrates solely on information obtained direct from *union* representatives.

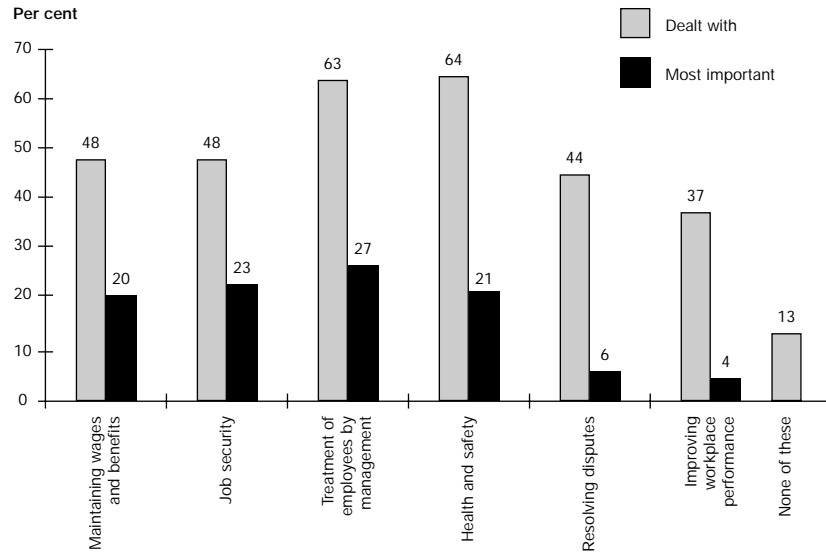
What do union representatives do?

On average, there are 28 union members per lay union representative. What role do these representatives have in the workplace? Each union representative was shown a list of six issues they could potentially be involved in; they were then asked to state which they had spent any time on in the year preceding the survey and which they considered the most important. The results are summarised in Figure 5. From this we can see that 13 per cent of union representatives had not been involved with any of these issues – this response overwhelmingly came from union representatives who spent less than one hour per week (either during working hours or not) on union activities.

Of particular note is the relative lack of importance accorded to that most traditional of trade union activities – maintaining wages and benefits – and the high level of activity and importance attached to dealing with problems raised by the treatment of employees by management and resolving disputes. Part of the explanation for this may be where collective bargaining over pay is remote from the workplace, leaving the union representative to deal with issues on the ground as they arise.

There is some evidence that, in a significant proportion of workplaces with union recognition, management is not supportive of a union role in joint negotiation, or even joint consultation. The scope of bargaining appears to be quite narrow. According to union representatives it is mostly confined to negotiations over handling of grievances (43 per cent), pay (30 per cent) and health and safety (22 per cent). On a number of workplace issues union representatives

Figure 5 Issues union representatives involved with in past year



Base: all workplaces with union representatives with 25 or more employees. Figures are weighted and based on responses from 812 union representatives.

said they are given no information, let alone consulted, about events: training (37 per cent), manpower planning (36 per cent) and equal opportunities (34 per cent). Similar proportions to these were also reported by managers, thus confirming the union representatives' accounts.

In many workplaces with recognition it appears that management prefer to deal direct with employees than through a union channel. When looking at the most significant change that had been introduced at the workplace in the last five years, management were much more likely to have consulted employees (57 per cent) than unions (32 per cent of workplaces with recognised unions). Moreover, in 41 per cent of cases there was no union involvement at all, compared with 8 per cent where employees were not involved. These figures are further supported by attitudinal data where half of all managers in recognised workplaces stated they would rather consult directly with employees than with unions.

Employee views on work and their workplace

Management and worker representative accounts have featured exclusively so far, but we now turn to data from the employee survey, reporting findings from the 25,989 employees in workplaces with 25 employees or more who took part in this novel element. It is novel because, unlike most surveys of employees, we are able to link the employee perspective with information on workplace structure, policies and practices provided by managers and worker representatives.

Like all relationships, the employment relationship is characterised by a complex set of values, some based on mutual goals, others underpinned by contrasting and

sometimes conflicting expectations and priorities. To what extent are the expectations and needs of employees met in their employment relationship, and do employees share the same values as their employers? These are some of the issues examined in the employee survey. The data is mostly attitudinal, exploring employees' perceptions of their working lives, and their attachment to work.

These first findings provide an introduction to some of the concepts explored in the employee study. Within the workplace, employees may be seen as partners, as factors of production, as stakeholders (even shareholders), as adversaries, or as 'our most important resource'. The following paragraphs provide some insight into these dimensions, exploring on the one hand levels of employee commitment and, on the other, their treatment by employers, covering their personal skill development, entitlement to flexible working arrangements and their role in workplace decision-making.

In the survey, commitment was measured directly by asking employees the extent to which they shared the goals and values of their organisation, their sense of loyalty to their employer, and whether they were proud to tell people who they worked for. Across employees as a whole, a majority were in agreement with all three statements, the most widespread display of commitment being a sense of loyalty – 65 per cent of all employees said they felt loyal to their organisation. On the other two aspects, 51 per cent said that they shared many of the values of their organisation, and 56 per cent that they felt pride in telling people who they work for. Strong differences were evident according to the occupation of employees, with managers and professionals demonstrating the most widespread commitment, and significantly lower levels among craft and related workers and those engaged in operative and assembly work. For example, 81 per cent of managers said they felt loyal to their organisation, 76 per cent shared many of the organisation's values, and 71 per cent felt proud in relating who they worked for. The respective figures for plant and machine operatives were 53 per cent, 35 per cent and 46 per cent.

Differences across occupations were not limited to a sense of commitment. The survey found that occupational group was an important source of variation across many aspects of employee attitudes, indicating that managers and professionals have a very different understanding and experience of the employment relationship than other occupational groups. Other factors, mostly related to personal and job characteristics are also important in explaining differences in attitudes: hours of work, gender, age, family circumstances and union membership are all examples, and ones we will devote considerable space to in the sourcebook.

The extent to which employees' work related and personal needs are recognised and fulfilled is likely to have some bearing on their views about their workplace, and their working lives. Employees were asked about their personal access to three key dimensions of the contemporary employment contract: training; flexible and family-friendly working arrangements; and the extent to which they are consulted and active participants in the decision-making process at their workplace.

Nearly two-thirds of all employees had received some off-the-job training in the year prior to the survey, and 19 per cent had received at least five days. Training

Table 9 Access to flexible and family friendly working arrangements, by sector and sex

	<i>Private sector</i>		<i>Public sector</i>		<i>All employees</i>
	<i>Men</i>	<i>Women</i>	<i>Men</i>	<i>Women</i>	
	<i>% of employees</i>	<i>% of employees</i>	<i>% of employees</i>	<i>% of employees</i>	
Flexitime	24	36	37	39	32
Job sharing scheme	6	15	23	34	16
Parental leave	21	30	35	33	28
Working at or from home	10	6	13	9	9
Workplace nursery/ child care subsidy	2	3	6	9	4
None of these	57	42	40	34	46

Base: all employees in workplaces with 25 or more employees.

Figures are weighted and based on responses from 25,491 employees.

provision was more likely among full-time workers, 62 per cent of whom had undertaken some training in the period, compared with 52 per cent of part-time employees and just 43 per cent of those working less than ten hours a week. Access to training and to higher numbers of days of training is somewhat more prevalent among employees in workplaces which recognise trade unions – 62 per cent of employees in recognised workplaces had training in the past year, compared with 54 per cent where there were no union members present.

In spite of the topicality of flexible working, and family friendly policies, the employee survey revealed that such arrangements are, at present, by no means widely (or equally) available. Table 9 shows the extent of personal access to five kinds of flexible working provisions.

Across all employees, a third said that they could work flexi-time, 16 per cent that they could job share if needed, and 9 per cent that they could work from, or at, home. On policies designed specifically to meet family responsibilities, a quarter said they could take parental leave, and just 4 per cent of employees said that help with child care was available to them, either in the form of a workplace nursery, or with meeting child care costs. Less than half of employees said that none of these arrangements were available to them.

As Table 9 shows, flexible working arrangements are clearly more prevalent in the public sector (and analysis of parallel questioning in the management interview also shows this). In addition, women were more likely than men to report that flexible work arrangements were available to them, with the exception of working at or from home. This suggests that the differences found between employees are partly to do with workplace policies, but may also be to do with the way employees personally perceive their entitlements, and their own need to accommodate work and family responsibilities.

Another aspect of family friendly working arrangements that we examined was whether employees are able to take time off at short notice to deal with family emergencies, such as a child being sick. Only 3 per cent said they would be unable to take time off, but there were a wide range of approaches adopted among those who could. By far the most common – for half of all employees – was to take paid leave, though we are unable to distinguish from employees whether this required them to use up annual leave entitlements or was some special form of paid leave.¹¹ Those taking the time unpaid mostly did so by making the time up later (14 per cent) or simply not being paid for the time lost (19 per cent).

A good deal of the employee survey was devoted to communication between managers and workers (and their representatives). This covered not only formal mechanisms but relations with line managers or supervisors, the extent to which employees had control over their jobs, contact with worker representatives and views on whether managers adequately consulted employees. We will focus briefly on this latter point.

We have already seen evidence from management that a fair proportion of workplaces are operating schemes to promote employee involvement. Moreover, when asked directly, 70 per cent of workplace managers agreed with the statement that ‘we do not introduce any changes here without first discussing the implications with employees’, and only 17 per cent disagreed. Overall, though, employees are sceptical about these claims: some 40 per cent of employees judged managers poor or very poor at providing them with the opportunity to comment on proposed workplace changes, compared with 30 per cent who rated them good or very good. Disillusion seems to set in over time: those who had been working at the workplace for ten years or more were almost twice as likely as those employed for under a year to rate managers as poor or very poor at consulting, 45 per cent compared with 27 per cent.

Job satisfaction

Job satisfaction is an important indicator of individual well-being, but in addition may provide insights into employees’ decisions about the extent of their participation in the workplace, how hard they work, and whether or not they are likely to stay with their job. While much depends on individual background, expectations and values, job satisfaction is also likely to be influenced by a variety of other factors that fall within the purview of the implicit or psychological contract between managers and managed: the challenge presented by work and the level of autonomy and control over the job; the sense of achievement; due recognition for effort or quality of work; and also the earnings and other rewards obtained. We asked about each of these aspects of job satisfaction.

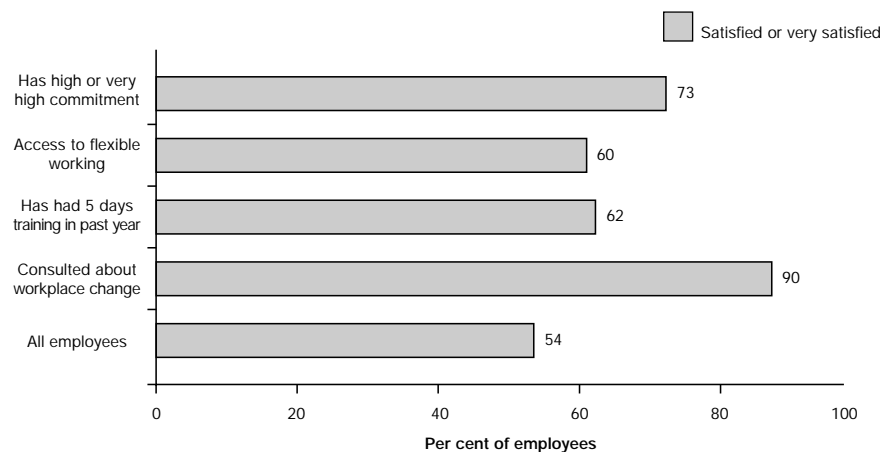
On three of the individual measures – job influence, sense of achievement and respect from managers – around 60 per cent of employees expressed themselves satisfied, with a significant minority – between 11 and 15 per cent – saying that they were very satisfied with this aspect of their job. The lowest area of job satisfaction related to pay, with a third of employees feeling content, but a higher

proportion (41 per cent) feeling dissatisfied. On each of the four elements listed, around a quarter of employees were undecided about their feelings, or were unable to commit themselves either way, reporting that they were neither satisfied nor dissatisfied. These four measures were then combined to form a single, overall measure of job satisfaction,¹² which shows that 7 per cent were very satisfied, 47 per cent were satisfied, 27 per cent were neither satisfied nor dissatisfied, and the remaining 19 per cent were dissatisfied.

Significant differences in levels of job satisfaction were found in relation to employees' age, the hours they worked and their occupation. The proportion of employees expressing positive views increased with age, with 73 per cent of workers aged 60 years or more satisfied compared with just half of those less than 20 years old. Confirming the results from many other studies, part-time workers have higher levels of job satisfaction, 62 per cent, compared with 51 per cent for full-time workers, and the most satisfied are those working less than 10 hours per week (66 per cent). Job satisfaction was far more evident among managers (71 per cent) than other occupational groups. In general, variation across other occupations was less pronounced, with the exception of those employed in operative and assembly work, where less than half (40 per cent) were satisfied with their job.

If job satisfaction is to have any salience in understanding and enhancing employment relations there must be demonstrated associations between levels of job satisfaction and other dimensions of the employment relationship that go beyond individual and personal characteristics. Figure 6 shows what associations there are between the different facets of the employment relationship that we have looked at thus far.

Figure 6 Job satisfaction, by features of the employment relationship



Base: all employees in workplaces with 25 or more employees.
 Figures are weighted and based on responses from 25,031 employees.

Two indicators stand out as being central elements of a satisfied employee: commitment and consultation.¹³ An association between commitment and job satisfaction may be intuitively obvious, but the scale of the association provides support for those suggesting a causal chain from policies designed to engender commitment, to satisfied workers, to – and here our analysis pauses – more productive workers. Even more stark, though, is the association between the extent to which employees feel consulted about workplace changes and satisfaction. There is an unambiguous message here for practitioners. Differences are less marked according to the provision of training and access to flexible and family friendly working arrangements, but workers who do have these entitlements are more satisfied than those without them.

Measures of workplace well-being

Having looked at individual well-being at work, we now turn to workplace well-being. There are many measures of so-called employment relations ‘outcomes’ collected in WERS 98. This metaphor implies a far too simplistic association between cause and effect, so we prefer our own analogy with individual well-being, which requires taking the pulse in several different ways. Measures collected in the survey include: labour turnover, absenteeism, rates of accidents and ill health, earnings dispersion and indicators of relative financial performance, labour productivity and quality of products/services. Analysis of these must await the sourcebook. Here we confine our attention to a select number of indicators. On the workplace performance side we look at the incidence of low pay and reported growth in labour productivity, and then we also examine overt conflict – industrial action and employment rights disputes which end up as industrial tribunal claims.¹⁴ These measures are all summarised in Table 10. Finally, drawing on evidence from all three groups of survey respondents, we look at assessments of the general state of workplace employee relations.

Previous surveys in the series have always collected data on earnings, allowing analysts to explore and identify the factors associated with ‘high pay’ and ‘low pay’ workplaces. This time around, as well as collecting information on the distribution of annual earnings within each workplace, we asked managers to tell us how many full-time and part-time workers were earning below £3.50 per hour at the time of the survey, and we use this information to identify ‘low pay’ workplaces. This amount is very close to the recommended national minimum wage rate of £3.60 per hour for adults put forward by the Low Pay Commission, which will become law in April 1999.

Overall, two-thirds of workplaces have no employees with earnings below the £3.50 per hour threshold, and the remaining 35 per cent of workplaces divide up as follows: 18 per cent with less than a tenth of the workforce; 8 per cent with between a tenth and up to a quarter of the workforce; and 9 per cent where a quarter or more of the workforce were earning below £3.50 per hour at the time of the survey. Table 10 shows the proportion of workplaces falling into this latter category.

Table 10 Measures of workplace well-being, by workplace size, industry and union presence

	<i>Low paying workplace^a</i>	<i>High productivity growth</i>	<i>Industrial action in last year</i>	<i>Rate of IT claims in last year</i>
	<i>% of workplaces</i>	<i>% of workplaces</i>	<i>% of workplaces</i>	<i>Mean rate per 1,000 employees</i>
<i>Workplace size</i>				
25 to 49 employees	12	40	0	2.4
50 to 99 employees	8	38	2	2.0
100 to 199 employees	6	42	4	2.5
200 to 499 employees	4	50	5	1.7
500 or more employees	2	56	8	1.5
<i>Industry</i>				
Manufacturing	5	34	1	1.6
Electricity, gas and water	0	55	6	0.9
Construction	1	49	0	3.2
Wholesale and retail	8	51	0	1.4
Hotels and restaurants	48	29	0	2.1
Transport and communications	0	60	7	4.0
Financial services	0	62	6	1.3
Other business services	10	34	0	2.4
Public administration	0	42	5	2.5
Education	2	42	3	1.5
Health	17	34	1	1.9
Other community services	19	23	2	2.0
<i>Type of union presence</i>				
No union presence	16	36	0	2.1
Unions present, no recognition	9	44	1	3.1
Unions recognised	2	41	4	1.7
All workplaces	9	41	2	1.9

* workplaces with 25% or more employees earning less than £3.50 per hour.

Base: all workplaces with 25 or more of employees, except column 2 which is all workplaces 5 or more years old with 25 or more employees.

Figures are weighted and based on responses from 1,890 managers, and 1,668 managers in column 2.

Low pay is overwhelmingly a private sector phenomenon: 93 per cent of public sector workplaces had no workers earning below £3.50 per hour and only 1 per cent had a quarter or more of their workforce earning below it, compared with 13 per cent of private sector workplaces. Yet, within the private sector it is also heavily clustered. In our sample there were no workplaces in electricity, gas and water, transport and communications, and financial services where a quarter or more of the workforce is paid below £3.50 per hour. By the same measure, half the workplaces in the hotel and restaurants industry had a quarter or more of the workforce earning below it at the time of the survey.¹⁵ Workplaces where unions

were recognised were much less likely than workplaces without union members to have a quarter or more of the workforce earning below £3.50 per hour.

On labour productivity, the signs of workplace well-being are on the whole healthy, with over a third of workplace managers reporting high productivity growth over the past five years, compared with just 5 per cent reporting a fall. Searching for causal links between employment relations and growth in labour productivity has been one of the holy grails of some researchers for many years, and we leave it to them to undertake the detailed analysis of this data. We cannot, however, but mention two strong associations found in the data. First, workplaces with a high number of 'new' management practices and employee involvement schemes were substantially more likely to report high productivity growth. Second, low paying workplaces were less likely to report high productivity growth.

We include absence of industrial action as a measure of workplace well-being and while we focus on union-led initiatives we cannot identify the source of the conflict. It is usually the case that unions take industrial action as a last resort after other avenues have failed, and industrial action remains an important part of the strategic choices open to unions to pursue their claims. Prior to taking any (official) action unions are required to ballot their members and, in the year preceding the survey, 7 per cent of workplaces had seen ballots of union members. Ballots are often a signalling device to employers of the level of workforce discontent, and may prompt a resolution of the dispute before industrial action is taken. Industrial action was reported (by managers) in just 2 per cent of workplaces, and strikes in just 1 per cent. This is consistent with figures compiled by the Office for National Statistics showing strike activity in 1997 to be at its lowest level since records first began in 1891. Indeed, in 93 per cent of workplaces managers say that there has been no industrial action of any kind in the past five years.

A more prevalent indicator of overt conflict nowadays is claims to industrial tribunals. Overall, 13 per cent of workplaces had a claim brought against them in the year preceding the survey, and about a further fifth have been involved in a dispute at some stage in the past five years. This still means that the vast bulk of workplaces have no recent experience of industrial tribunals – 71 per cent of those in operation for five years or more. We were able to calculate a summary measure of the level of industrial tribunal claims in the past year – 1.9 per thousand employees. This rate has risen from 1.4 per thousand employees in 1990 and 1.1 in 1984, and is in line with other sources showing a substantial growth in tribunal claims over the same period. Rates of tribunal claims were somewhat lower in larger workplaces, but there was greater variation across industry. Those with the highest levels of claims were transport and communications, construction and public administration, while the lowest were in electricity, gas and water, financial services and wholesale and retail.

Lack of overt conflict is very much the norm, but what is the general perception of the state of employment relations? All respondents to the survey were asked to rate relations between management and employees on a five-point scale, ranging from very good to very poor. All groups were generally positive, though both worker representatives and employees were more circumspect.

Ninety per cent of managers thought relations very good or good, compared with 58 per cent of worker representatives, and 54 per cent of employees. Respectively, just 2 per cent of managers rated relations as very poor or poor, compared with 20 per cent of worker representatives and 19 per cent of employees. These differences might be put down to a general rosiness in perspective on the part of managers, or they may be systematically related to features of employment relations. Analysis of these differences will appear in the sourcebook.

Small business employment relations

So far we have looked exclusively at workplaces with 25 or more employees, mainly to facilitate comparisons with earlier surveys in the series. We now have a brief look at small businesses incorporating the data from very small workplaces, those with between 10 and 24 employees. This is the first time such data has been collected in the series, and this innovation means we can now bring nationally representative data to bear on unravelling the nature of small business employment relations. We define small businesses for this exercise as *stand-alone private sector workplaces with fewer than 100 employees* – our sample contains 250 workplaces which correspond to this definition.¹⁶ The most distinct feature of small businesses, besides their size, is the ownership structure: over half are family run and 43 per cent have a full time owner-manager on site. In Table 11 we report figures for small businesses that correspond to those we have provided earlier in this booklet for all workplaces with 25 employees or more.

One of the features often attributed to small businesses is the relative informality of the employment relationship. Certainly, on this evidence, the typical small

Table 11 Features of small business employment relations

	<i>Small businesses</i>
	<i>% of workplaces</i>
No 'new' management practices or employee involvement schemes	8
Five or more of these practices and schemes	28
Joint consultative committee at workplace	17
One or more equal treatment practices	24
Union presence	22
Union recognition	12
Worker representative at workplace	10
Employees with one or more flexible/family friendly working arrangements	48
Employees with high or very high job satisfaction	61
Low paying workplace (quarter or more earn below £3.50 per hour)	21
High productivity growth	33
Industrial Tribunal complaints (rate per employees)	2.4

Base: stand-alone private sector workplaces with 10 to 99 employees.

Figures are weighted and based on responses from 250 managers and 2,957 employees.

business had in place only a small number of the sixteen 'new' management practices and employee involvement schemes described earlier: the proportion with five or more accounts for only 28 per cent. Relatively few had joint consultative committees in place, but some of the other indicators we looked at which might be associated with less formality, such as regular meetings of the entire workforce, were also less common among small businesses. Furthermore, while we might expect small businesses to be less likely to have formal, written equal opportunity policies, it was also the case that under a quarter had adopted any of the six equal treatment practices we examined earlier (see Table 6). Another aspect of employment relations in small businesses that emerges from the employee element of the survey is that around half of employees have access to some form of flexible or family friendly working arrangements, broadly in line with our earlier figures on employees working in the private sector (see Table 9).

Just over a fifth of small businesses had some employees who were union members, and in a little over half of these unions were recognised. Following the pattern of our earlier findings, where unions were not recognised it was rare to find any worker representatives – just 10 per cent of small businesses had worker representatives, be they lay union representatives or otherwise. Taking this in tandem with the relative lack of formal mechanisms for indirectly or directly consulting with the workforce, it might be thought that the opportunity for employees in small businesses to give voice to their concerns is slight. Though that might be the case, employees were no more or less likely to rate managers as poor or very poor in consulting them about workplace changes.

The indicators of a healthy employment relationship are mixed. Employees in small businesses had relatively high levels of job satisfaction, but at the same time they were more likely to find themselves low paid, and industrial tribunal applications were also relatively high. The association between low pay and lower levels of productivity growth identified earlier is also found in small businesses.

Discussions surrounding the nature of employment relations in small businesses will be actively promoted by the release of this data. Our first findings suggest that there are some distinct features of small business employment relations. We intend to address this question fully in our sourcebook by directly comparing small businesses with counterpart small, private sector workplaces that are part of a larger organisation. This will allow us to identify if it is the smallness of the *workplace* that makes for distinct employment relations, or other factors such as the owner-manager being on site.

Conclusion

In this booklet, we have endeavoured to equip practitioners and policy advisers with the necessary facts to compile a sketch of Britain at work in 1998, barely four months since the last interview for WERS 98 was conducted. The full portrait, with its hues and tones, will be revealed next year in our two volumes. Summing up at this stage is difficult, as it is the hues and tones which will give the eventual narrative of what has happened in British employment relations much of its verve. There are, however, some important points which have emerged.

Foremost among these is the further contraction of collective industrial relations. In the 1990 survey, it was found that union recognition had fallen from 66 per cent in 1984 to 53 per cent, and by 1998 this had fallen a further eight percentage points to 45 per cent. Moreover, the proportion of workplaces with no union members has increased from 27 per cent in 1984, to 36 per cent in 1990, to 47 per cent in 1998. This signals, clearly, a transformation in the landscape of British employment relations, particularly when contrasted with the relative stability and continuity that has characterised the system for much of the post-war period.

We have also found a substantial proportion of workplaces operating a high number of 'new' management practices and employee involvement schemes – though this must remain qualified until further examination of how well embedded these are in the workplace. A preliminary investigation of these practices and schemes showed a number of clusterings. The extent to which these clusterings point to a model (or models) of direct employee participation, and the consequences this might have for employee commitment and workplace performance, are issues which the research community will surely wish to investigate with this survey data.

Overall, harmonious employment relations are very much the norm. The level of overt conflict is low, and a majority of managers, worker representatives and employees rated relations as being very good or good. However, there is a very substantial gap between the proportion of workplace managers who hold this view, and worker representatives and employees. Part of this might be explained by some discontent about the true extent of consultation and involvement in decision-making. Many worker representatives, as agents of recognised unions, appear to have a role that is narrow in scope and, in many instances, management would rather go direct to employees than deal with unions. Employees, however, are sceptical about the extent of consultation, with more rating management as poor than good in this area.

Satisfaction at work is also widespread, with a majority of employees rating themselves satisfied or very satisfied across three dimensions of their job. There is, however, a good deal of dissatisfaction with levels of pay. More importantly, a significant minority of employees feel that the overall deal they have – their implicit, or psychological, contract – is a poor one. Lower levels of job satisfaction are particularly evident among some occupational groups and among those who feel inadequately consulted and, to a lesser extent, with those who do not have access to training and flexible working arrangements.

Surveys such as WERS 98 are highly effective tools for gaining an overall perspective on the state of employment relations. This particular survey is more effective than many because of its scale, its scope, and the inclusion of three distinct groups of voices from the workplace. We very much hope that our survey respondents will feel well served with this booklet and, should they be asked again, would once more volunteer their time and goodwill. We also hope that other researchers will recognise what the new WERS has to offer, and will take the opportunity of using the data for their own analyses when it is made available next year.

Endnotes

- 1 *Redefining Work*, Royal Society for the Encouragement of Arts, Manufactures and Commerce, 1997. *Unemployment and the Future of Work: An Enquiry for the Churches*, Council of Churches for Britain and Ireland, 1997. *The First Report of the Low Pay Commission*, Stationery Office, May 1998 (Cm 3976). *Fairness at Work*, Department of Trade and Industry, Stationery Office, May 1998 (Cm 3968).
- 2 If there were fewer than 25 employees at the workplace, all were asked to complete the questionnaire. Employees were randomly selected by the SCPR interviewer from a list of all employees provided by the management respondent.
- 3 Worker representatives were interviewed where there was a lay representative of a recognised union at the workplace or, if there was no recognised union, with the senior employee representative of any joint consultative committee operating at the workplace.
- 4 The precise split is 169 closed or otherwise untraceable, 84 now fewer than 25 employees, and 17 withdrawn for other reasons.
- 5 The sample of workplaces to be surveyed was chosen to generate roughly equal numbers of small, medium and large-sized workplaces to allow for comparisons to be made between these groups. A pure random selection of workplaces would have resulted in very few large workplaces. Weighting the data corrects the distribution so that it properly matches the population from which the sample was drawn.
- 6 To be precise, the survey population is all British workplaces with 25 or more employees, except for those in the following Standard Industrial Classification divisions: A (Agriculture, hunting and forestry), B (Fishing), C (Mining and quarrying), P (Private Households with employed persons) and Q (Extra-territorial organisations). In total, these industries accounted for just 1.5 per cent of employees in employment in December 1997. Note also that the strict definition of a contract of employment was used to identify employees, and this means that in division L (Public administration and defence) military personnel were not included.
- 7 Industrial activity is defined using the Standard Industrial Classification (1992) divisions. Some of the titles have been shortened.
- 8 We do not have information on whether a particular activity or service is undertaken at or for the workplace (e.g. catering is not provided at all workplaces). This means that our results will understate the true level of contracting-out.
- 9 The Government announced last year that it intended to implement the European Works Council directive into British law by December 1999. This is unlikely to have made much of an impact upon our results.
- 10 Workplace managers appear to understate the level of union membership. Union density from management figures is 36 per cent whereas 41 per cent of employees count themselves as union members.
- 11 In 24 per cent of workplaces, managers reported a scheme of special paid leave for family emergencies.
- 12 Derived as a simple additive scale, with a Cronbach alpha of 0.73.
- 13 The measure of commitment used in Figure 6 is also a simple additive scale based on the three individual measures reported earlier: loyalty, sharing of values, and pride in organisation. The scale has a Cronbach alpha of 0.83. 58 per cent of employees have high or very high commitment based on this scale.
- 14 In August this year, industrial tribunals were renamed employment tribunals.
- 15 We do not know the extent to which tips or gratuities were included in the earnings figures provided by employers in this industry.
- 16 For consistency in the analysis, and so as to avoid double-counting, we have excluded 53 private sector workplaces which are part of a larger organisation that, in total, employed fewer than 100 people.

Further information

Two volumes arising from the survey and written by the survey research team will appear next autumn, both published by Routledge. *Britain at Work: as depicted by the 1998 Workplace Employee Relations Survey*, by Mark Cully, Stephen Woodland, Andrew O'Reilly and Gill Dix will be the main sourcebook giving a complete account – over the course of 500 pages – of the survey and setting the results in the context of current policy and academic debates. *All Change at Work? British employment relations 1980-98, portrayed by the Workplace Industrial Relations Survey series*, by Neil Millward, Alex Bryson and John Forth is a complementary volume, the focus of which is on change, by looking at evidence from all four surveys in the series and the 1990-98 panel survey. See the advertisement on the next page for details of how to place advance orders for the books.

The survey data, fully anonymised, will be made available to *bona fide* researchers for secondary analysis from the University of Essex Data Archive in January 1999. Earlier surveys in the series are already available from the Archive. Contact the Archive on 01206 872001 or dawwww.essex.ac.uk for details.

Further information on the survey is available from the DTI's employment relations research web site (www.dti.gov.uk/emar). This includes a paper describing the design and conduct of the survey, a full technical report on the survey produced by SCPR, and a bibliography of publications arising from earlier surveys in the series.

ESSENTIAL READING

BRITAIN AT WORK

As depicted by the 1998 Workplace Employee Relations Survey

Mark Cully, Stephen Woodland and Andrew O'Reilly, Department of Trade and Industry, Gill Dix, Advisory, Conciliation and Arbitration Service

This is the first of two volumes which report the results from the fourth in the series of workplace surveys conducted by the DTI, ACAS, the Economic and Social Research Council and the Policy Studies Institute.

The 1998 WERS was the largest survey of its kind ever conducted in the world, involving detailed interviews with over 3,000 managers and around 1,000 worker representatives, as well as completed questionnaires obtained from nearly 30,000 employees. Comprehensive in scope, the results are statistically reliable and fully representative of British employment in all but the smallest workplaces. The innovative design of the survey links the views of employees with those of managers and worker representatives from the same workplace, creating a truly integrated picture of Britain at work today.

The authors skilfully weave this mass of material together to produce a portrait of how the contemporary employment relationship is shaped and negotiated, the expectations and obligations of managers and managed, the factors which condition it, and its consequences.

Autumn 1999

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ALL CHANGE AT WORK?

British employment relations 1980-98, portrayed by the Workplace Industrial Relations Survey series

Neil Millward and John Forth, National Institute of Economic and Social Research, Alex Bryson, Policy Studies Institute

This book is the second of two volumes which report the results from the fourth in the series of workplace surveys conducted by the Department of Trade and Industry, the Economic and Social Research Council, the Advisory Conciliation and Arbitration Service, and the Policy Studies Institute.

Its focus is on change, captured by gathering together the enormous bank of data from all four of the large-scale and highly respected surveys, and plotting trends from 1980 to the present. In addition, a special panel of workplaces, surveyed in both 1990 and 1998, reveals the complex processes of change. Comprehensive in scope, the results are statistically reliable and reveal the nature and extent of change in all but the smallest of British workplaces.

Autumn 1999

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