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The Effect of the New Intra-Firm Communication Strategies and Other Workplace Phenomena of the 1980s on Trade Union Influence in Britain

Master's Thesis in Organizational Communication and Public Relations
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ABSTRACT
MASTER'S THESIS

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Nimi:

Uusien yritystensisäisten viestintästrategioiden ja muiden 1980 –luvun työelämän ilmiöiden vaikutus ammattiyhdistysten vaikutusvaltaan Britanniassa.

Tämän tutkimuksen tarkoituksena on tutkia yksityiskohtaisesti eri tekijöitä, jotka vaikuttivat brittiläisten ammattiyhdistysten vaikutusvallan pienenemiseen 1980-luvulla. Tutkimus käy systemaattisesti läpi useita tekijöitä, pyrkien määrittämään niiden tärkeyden suhteessa em. ilmiöön.

Avainkysymyksenä tässä tutkimuksessa on tutkia erityisesti, kuinka suuri merkitys yritystensisäisillä viestintästrategioilla 1980 –luvun brittiläisissä yrityksissä oli ammattiliittojen vaikutusvallan vähenemiseen. Tutkimus pyrkii myös selvittämään Britannian senaikaisen pääministerin, Margaret Thatcherin, merkitystä ilmiölle. Myös muita sosioekonomisia tekijöitä tullaan tarkastelemaan.

Tämän lähestymistavan valossa tutkimusta voidaan nimittää kvalitatiiviseksi tutkimukseksi, jonka pääpaino on sekundäärisen datan tekstianalyysillä. Kyseinen sekundäärinen data käsittää brittiläisten tutkijoiden tekemiä artikkeleita ja tutkimuksia, joiden pohjalta esitetään pääasiassa taloustieteellisiä teorioita, mutta myös tilastotietoja brittiläisistä ja muunmaalaisista ammattiyhdistyksistä.

Tämän tutkimuksen metodologiaa voidaan kuvailla tulkinnalliseksi tekstuaaliseksi analyysiksi. Tutkimuksen tarkoituksena ei kuitenkaan ole analysoida kirjoitetun tekstin faktuaalista sisältöä, vaan pikemminkin sen välittämää viestiä.

Tutkimuksen keskeiset tulokset osoittavat sekä yritystensisäisillä viestintä-strategioilla että 1980 –luvun konservatiivihallituksille olleen suuren merkityksen brittiläisten ammattiliittojen vaikutusvallan vähenemisessä. Ne eivät kuitenkaan olleet ainoita tekijöitä tässä prosessissa. Tutkimuksessa todetaan koko 1980 –luvun ajan kaikkialla länsimaissa vaikuttaneiden merkittävien ideologisten ja taloudellisten muutosten merkitys ilmiölle.

Avainsanat:
Työelämän suhteet, yrityksensisäinen viestintä, ammattiliitot, Margaret Thatcher, Britannia

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Name:

The Effect of the New Intra-Firm Communication Strategies and Other Workplace Phenomena of the 1980s on Trade Union Influence in Britain

The purpose of this study is to examine in detail the various factors that affected the decline in trade union power in Britain in the 1980s. It will concentrate on each factor systematically, weighing the importance of these phenomenons in their relation to this decline.

The key research question for this study is to find out, to what extent was the introduction of intra-firm communication strategies in the 1980s to British business organisations crucial in downplaying the unions. Also, this thesis will place some emphasis on Prime Minister Margaret Thatcher's role in this phenomenon. Other socio-economic factors will be examined as well.

In the light of this approach this study can be labelled as qualitative research with emphasis on textual analysis of secondary data. This secondary data includes articles and surveys conducted by various researchers, theories put forward by eminent scholars in the field of the study of industrial relations as well as statistical data on trade unions in Britain and other countries.

The methodology of this thesis can be best described as interpretive textual analysis. It is not the purpose of this thesis to analyse the factual content of written texts, but rather their message.

The results of this study will show that both the intra-firma communication strategies and the conservative governments of the 1980s had an important part to play in the decrease of British trade union influence. They were not the only factors in this process, however. The thesis also takes notice of the significant ideological and economic changes that took place in the 1980s all over the Western world.

Key words:
Industrial relations, intra-firm communication, trade unions, Margaret Thatcher, Britain.

1 INTRODUCTION

The British trade union movement is in shambles. Once a powerful player in this country's industrial relations arena, it is now a pale shadow of its former glory. Trade union density has dropped dramatically from its pre-1980s level, from 55 % in 1979 to below 40 % in the 1990s. Collective bargaining agreements between employers and unions are becoming scarcer and an increasing amount of workers do not believe that unionisation is worthwhile.

A multitude of academics and scholars, e.g. the 'founding fathers' of the study of British industrial relations, Gospel, Palmer, Salamon and Sisson, believe that this decline took place in the 1980s and that one of the most important factors behind it was Margaret Thatcher's Conservative government's policies during that time. Other reasons for this decline have been offered, however. One of these other factors to be considered are the modern intra-firm communication strategies that became commonplace throughout the Western world in the 1980s. These strategies included a variety of new approaches to the established forms of communication between the management and the employees. Often, if not always, they were seen to include a 'hidden' agenda of employee motivation through imaginary openness and dialogue. So, the management's reasons for introducing these new methods of communication were sometimes met with cynical opposition from both the unionised employees and the non-unionised ones; these strategies were seen as management's means to increase profits and to curb union power. Today, one can safely assume that this indeed was, at least to some extent, the employers' ulterior motive. Further, one does not think of this as something sinister or shady; according to today's ideology it is in everyones' interests to increase company profits. Indeed, even in Finland, which is one of the most unionised countries in the world, the trend is to de-unionise to a certain extent in order to gain secure employment.

The purpose of this study is to examine in detail the various factors that affected the decline in trade union power in Britain. It will concentrate on each factor systematically, weighing the importance of these phenomenons in their relation to this decline. The key research question for this study is to find out, to what extent was the introduction of intra-firm communication strategies in the 1980s to British business organisations crucial in downplaying the unions. Also, this thesis will place some emphasis on Prime Minister Margaret Thatcher's role in this phenomenon. This is justified by the fact that several scholars and academics believe Thatcher's *persona* played the most important part in the collapse of British trade unionism; she was vehemently and bitterly anti-union. The purpose of this study is also to examine the legislative changes that the Conservative government of the 1980s enacted and their effect on the decline of the trade union influence in Britain. Further, this thesis will examine various other possible

factors to the union decline in Britain. These include e.g. international comparisons, sections on managerial styles, socio-economic history of the 1980s and close examinations on specific communication strategies and reasons for their popularity. Mainly, however, it is the purpose of this thesis to find out to what degree the new intra-firm communication strategies were responsible for the union decline, and how crucial were the other elements involved: Thatcher and her government, uncontrollable economic factors, British managerial styles etc.? For this purpose this study will examine several labour relations phenomenons in the 1980s Britain.

Firstly, this thesis will give background information on British trade unions; its organisational structures, methods and goals. Another, seemingly distant but somewhat relevant piece of background information is a comparison between various OECD countries; their approach to collective bargaining and the status (i.e. degree of 'hostility') of industrial relations in these countries, with special emphasis on how productivity and trade unions are seen to correlate. This section of the thesis, in connection with a section on the British collective bargaining arena, its distinct features and history, will serve to make the reader understand the dramatic changes of the 1980s to British trade unionism. In this section the thesis will also try to explain the declining trade union density in Britain by drawing comparisons to these other countries.

Secondly, this thesis will focus on the intra-firm communication strategies of the 1980s in Britain and their effect on trade union density. For the purposes of this thesis a broader definition of communication is used, including strategies like profit-sharing, performance-related pay and strategies involving other fringe benefits. These strategies will be jointly called commitment- and involvement - strategies, and the most popular of them will be more closely examined. Chapter six examines British managerial styles, which can be loosely construed as strategies involving communication.

2 RESEARCH METHODS AND PROBLEMS

The research problem for this this thesis is perhaps not so easily definable in specific, precise terms. As stated in the introduction, this thesis will examine the entire field of industrial relations in Britain (and to lesser extent, in other countries as well) using a somewhat generalistic and qualitative approach. The main objective will be to concentrate on several problem areas on general terms instead of a more focused and empirical study on just one aspect of British industrial relations. However, the studied areas shall be linked to the overall aspect, or the general 'theme', of the study, i.e. how these various socio-economic workplace phenomena have affected trade union influence in Britain. According to Heiskala's definitions (1990, 23 - 25) the research problem for this thesis can be defined as a cross between sociological theory and cultural study. The key research problem is, of course, attempting to find and examine the reasons for the declining trade union influence in Britain; this is done by analysis of existing data and placing a special comparative emphasis on the rise of the organisational communication strategies in the 1980s.

In the light of this approach this study can be labelled as qualitative research with emphasis on textual analysis of secondary data (Procter, 1996, 57). This secondary data includes articles and surveys conducted by various researchers, theories put forward by eminent scholars in the field of the study of industrial relations as well as statistical data on trade unions in Britain and other countries.

The methodology of this thesis can be best described as interpretive textual analysis (Silverman, 1994), although the term 'textual analysis' must be understood loosely in this context. It is not the purpose of this thesis to analyse the factual content of written texts, but rather their message. In the case of this thesis, the emphasis is mainly on observation and secondary analysis (Procter, 1996, 256), i.e.analysis of other researchers' data. This has several pros and cons, but the overall conclusion is in favour of this methodology, especially in the case of pro gradu -thesis. The most obvious advantages are cost and time; secondary analysis offers a significant save in both of these. The quality of data is also likely to be of higher standard than that of a relatively inexperienced researcher such as myself. This data is also likely to have been collected over a longer period of years than what a junior researcher would be able to achieve. In short, the purpose of this thesis is to utilise research data collected by other (mainly British) researchers in order to draw conclusions about the nature of British industrial relations. In this respect the approach adopted in this thesis can be called historical-critical.

3 THE BRITISH TRADE UNION ORGANISATION

In this chapter the British trade union organisations will be examined, their governmental and organisational styles and to what degree the members take part in governing the trade union. I will also concentrate on the democratic practices and principles within a union organisation, and briefly examine the aspect of multi-unionism in British industrial relations.

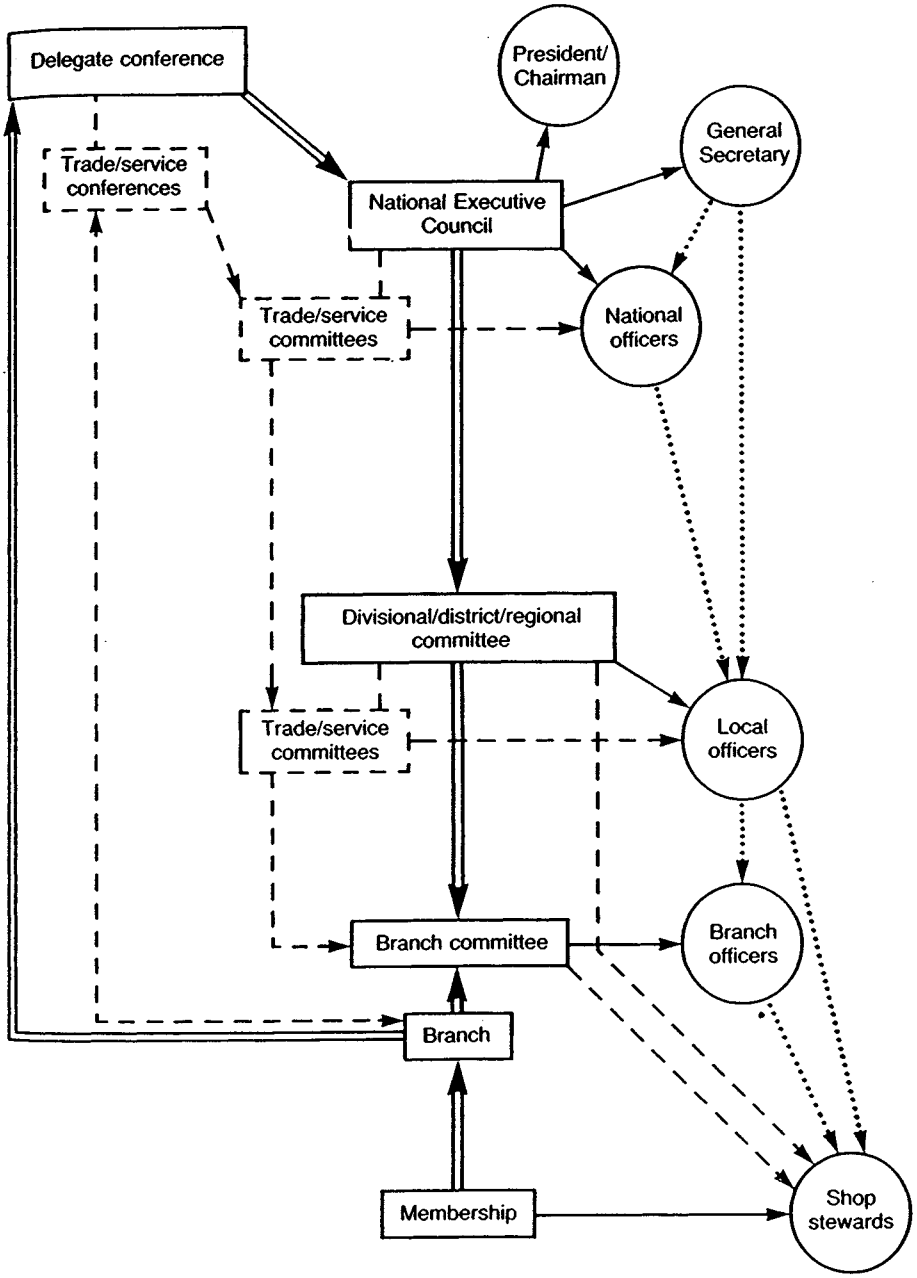

Figure 1
Trade union organisation in Britain (Salamon, 1992)

3.1 Trade union organisation in Britain

British trade unions' organisational structure is usually based on the concept of multi-unionism. Multi-unionism, in short, is used to describe "the existence of more than a single union in relation to the collective bargaining system (Salamon, 1992, 117)." This means that there are two systems of multi-unionism, one where there are several unions in an industrial sector, competing against each other, and one where the different sectors are represented by different unions. Usually these definitions overlaps to some degree. In Britain there are unions that share the same industrial sector and compete for members, but to a lesser degree than for example in the United States. Also, the British trade unions have proved their ability to operate together (Palmer, 1983, 114). For the purposes of this section of the thesis it is important to describe the different levels of trade union organisation and how they relate to each other.

The smallest unit in a trade union organisation is the branch. Some writers, e.g. Salamon, claim that it is the primary unit, the bottom of the pyramid, so to speak. It is an important part of the union organisation, surely, for it is a direct to link to the members of the union. Salamon (1992, 174) claims that it works in three ways: as a channel of communication between leadership and membership, as an agency for the election of delegates and as a formal entry point for admitting members. The branch may be of any size, from a handful of members to several thousand, and the frequency of meetings can range from once a month to only once a year (e.g. an annual general meeting of some sort). This all depends on the nature of the union and workplace in question. Usually, however, the branches face a certain amount of problems. The low attendance at branch meetings is a serious problem in Britain, and the role of the shop stewards (which is examined more throughly below) has undermined the importance of the branches.

The second step up is the intermediate organisation. Most unions, apart from the very small, have some form of intermediate organisation variously entitled Area, District, Division or Region (Salamon, 1992, 175). Basically the purpose of the intermediate organisation is to administrate union affairs and to check on the national executives and officers. In some, if not most of the cases the branch has a right to elect delegates to the intermediate level organisation.

After the intermediate level organisation comes usually a national council of some sort. In Britain they are usually called the National Executive Councils, or NECs. Their function is to "administer and control the union between delegate conferences (Salamon, 1994, 176)." NECs primary role should only be to make sure that the unions follow the policies decided by the delegate conference, but usually it cannot avoid being involved in policy-making. NEC can be loosely compared to a governmental cabinet.

The highest authority in trade union organisation is commonly a nation-wide democratic conference, in Britain usually the Delegate Conference. Its functions

are to "determine the policy of the union" and "to act as a controlling body to NEC and national officers (Salamon, 1992, 177)." This is done by electing representatives from the membership. The number of these representatives vary to a great degree in different union, however, and there usually are various procedural limits to the delegate's actual possibilities in voicing their opinions. More often than not the national officers 'run the show', while the delegates are in practice limited to only making their vote. If the NEC is compared to a cabinet, the Delegate Conference can be likened to a parliament. British trade unions have also formed apex organisations, which co-ordinate the efforts of different trade unions. The most influental one of these is called the Trade Union Conference, TUC. TUC is examined in another section of this thesis in full detail.

3.2 Trade Union Government

3.2.1 Forms of trade union government

First, one should make the distinction between different forms of trade union government. In his book *'Trade Union Growth, Structure and Policy'* (1962, 67) H.A. Turner identifies three major categories in the relationship between the passive majority of the rank-and-file membership, lay members that participate to some degree and the full-time officials of the union:

1. *Exclusive democracy* is characterized by a high level of participation and all its relatively few officials are drawn directly from the membership

2. *Aristocracies* are characterized by a high level of participation but in this case there are different groups among the membership, some of which are dominant in member number or the appreciation of their work. The officials are usually drawn from the dominant group(s) and therefore are possibly more interestedin their own particular vocative organisation.

3. *Popular bossdom* is a governmental style generally found amongst unskilled or semi-skilled labour. There is no dominant group and also a low level of participation. The officials are established as 'professional' full-time officials and they have a dominant role in the union matters.

3.2.2 Participation in trade union government

All of the before-mentioned organisational styles and forms seem to offer democratic participation to the membership. Why, then, there are several writers who argue the democracy in the trade unions? First, the attendance rate to union meetings in Britain tends to be low. The rank-and-file members do not take an interest to the union matters and therefore the selected officials have autonomous positions. These leaders tend to be bureaucratic and may have personal interests that conflict with those of the membership in whole. This seems to be the case especially with the popular bossdom -form of government.

The members have their own interests, family-life, hobbies etc. and do not bother with the union. This is especially true in the case of unskilled labour; few members in their unions have the level of education and 'general sophistication' necessary to participate fully in the affairs of the organisation (Jackson, 1977, 75). The higher the status of the work, however, the more likely the members are to have an interest in the government of the union. A craftsman's union, which can be counted as an exclusive democracy, as based on the more extensive training, level of specialisaion and higher salaries, is likely to have a high attendance at meetings and the members are more likely show interest in union matters.

Another factor, possibly a result of the low attendance, is the centralisation of some unions' government. Centralization of the union government of course effectively excludes the rank-and-file membership from the actual decision-making process, and therefore the policies decided by the trade union government may contrast those of the mass of the membership. Again, it is the un-skilled and semi-skilled labour unions that have this problem. The more elaborate attempts to decentralize union government and place checks on the growth of oligarchic central control are found in an old craft union (Palmer, 1983, 121). An important factor in determining the union government democracy is the shop steward.

3.2.3 The shop steward

A shop steward may be defined as "an employee who is accepted by both management and union as a lay representative of the union and its members with responsibility to act on their behalf in industrial relations matters at the organisational level (Salamon, 1992, 194)." The growth of the shop steward's role to its current level in Britain started after the World War II. The shop stewards are essentially lay officials; they continue to work amongst the members he or she represents. Therefore the shop stewards have close contacts with the hopes and wishes of the rank-and-file membership. In a way they are the leaders of the union members. Their position in the framework of British industrial relations has often been questioned, however. Shop stewards, as all people, are individuals, with individual aims and goals along with their goals as representatives. He or she might have various motivations to be become a shop

steward, e.g. to seek power or a position of authority, to seek to enhance his or her status by occupying a role of higher status than the current position, or simply because he or she might be a natural leader or feel responsible to other members. Whatever the motivations, one has to remember that just as with the union officials the shop steward is an individual whose aims may contrast those of the membership. On the other hand, because of their proximity to the other members the shop steward is likely to use his position to do his or her best for them; it is likely that a shop steward is a committed trade unionist. In any case, nowadays the shop stewards are a vital part of the industrial relations.

3.3. Are Trade Unions Democratic?

The general and industrial unions are all democratic in that their constitutions attempt to give their members a voice in the government, even though effective power is often centralised (Palmer, 1983,121). But it often seems that the voice of the membership is not heard. This is largely due to the inactivity of the rank-and-file membership. Most, if not all trade unions offer plenty of chances for a member to be heard, but only the more active members actually attend to meetings and follow the goings-on of their unions. Thus, the more active members usually get elected to positions of executive power in the unions. And naturally, their personal goals might differ from the rest of the membership. But this is the case in any given representative democracy; one cannot avoid it. The rank-and-file membership of a union, or a society, or a nation can never be sure whether their representatives are working to achieve their personal goals or the goals of the membership. Indeed, is it even necessary? Surely the more important issue is whether the unions achieve their objects. Then again, the argument that unions should be judged by the extent to which they achieve objectives implies that it is easy to define objectives (Jackson, 1977, 81). There may, however, be a difference between the objectives of the union leadership and the rank-and-file members.

In my opinion the British trade unions generally offer their members a good chance in getting involved in the trade union government. If this opportunity is not grasped by a significant amount of members (as is usually the case) only the more active members are likely to have an influence on union matters, and the delegates and shop stewards are probably chosen from amongst them. If this process repeats itself (yearly elections etc.) for a certain amount of time the union is likely to centralise its executive power. This leads to diminishing of the rank-and-file members' influential power. This is especially the case with the popular bossdom -style of the unskilled and semi-skilled workers' unions; they have a low level of participation and usually establish 'professional' union officials. The exclusive democracy -style is more likely to have a high level of participation and a more decentralized and democratic union. All in all, most trade unions offer

the possibility for their members to get involved, but only the more educated workers' unions' members seem to take it up. In any case, the chance for having a say in the union matters is handed out.

4 COLLECTIVE BARGAINING ARENA IN BRITAIN AND ITS DISTINGUISHING ASPECTS

4.1 The System of Collective Bargaining in Britain

Salamon (1992, 309) defines collective bargaining as a "method of determining terms and conditions of employment which utilises the process of negotiation and agreement between representatives of management and employees." In short, it is a communicative process between the employers and the employees which aims at decisions about the terms of work.

These terms usually constitute wage increases, working hours, conditions of work and lately, employment policies. The state constitutes to this process by general legislation on the methods of bargaining or, in some cases, by direct involvement at the negotiations. Collective bargaining is done between organisations, not individuals. In this case the organisations, or the 'actors', are trade unions, employers and employer organisations, and the state (represented by the government which holds the executive power). From the trade unions' point of view, collective bargaining is preferable to individual agreements because union collectivism protects the individual from being abused and grants the unions a say in the host country's economics. The employer prefers collective bargaining because it enables him to rally behind him the influence of other employers (although today more and more employers are taking advantage of the weakened union movement and going back to using individual or local employment agreements), and the state prefers collective agreements because it enables it to control the country's labour economics in an expectable and logistical manner. For more specific information on British labour legislation during the 1980s, please see chapter 10.1.5.

4.2 The Employers and the Employees

In Britain collective bargaining has traditionally (at least during the 20th century) been the most important form of employer-employee -dialogue. In this sense the British industrial relations system has been known to promote collectivism instead of individualism. Traditionally the negotiations have been conducted on two levels: national and organisational. National-level collective bargaining involves the employers' and employees' apex organisations and possibly the government. The highest trade union organisation in Britain is TUC, the Trade

Unions' Congress, which in 1980 had 90 per cent of the unions as its affiliated members (Edwards *et al*, 1992, 35). TUC is a central organisation for trade unions; its Finnish equivalent would be SAK. The employers have a number of organisations, usually sorted along their respective industrial lines. The peak organisation for employers is the Confederation of British Industry, CBI. It represents, among others, the employers of the most influental industries in Britain (steel, coal-mining etc.) and has no direct Finnish equivalent; the nearest one in influence would probably be STK or TT.

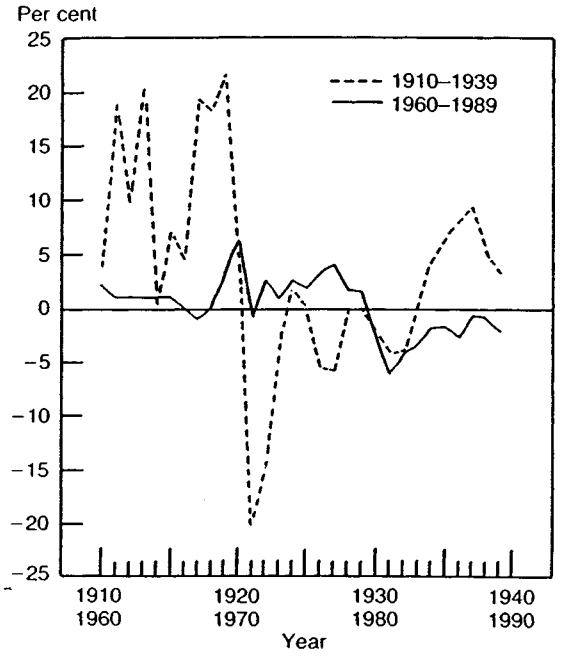

Figure 2
Trade union membership (yearly %-change) in Britain 1910-39 and 1960-89 (Salamon, 1992)

The TUC was founded in 1868 and is generally regarded as the collective voice of the unions (IDE Research Group, 1981, 112). It promotes solidarity and fraternity among workers. A full meeting of the member unions takes place annually, but the TUC has a permament General Secretary and a wide spectrum of specialist committees that can act at all times in its name. Basically, the TUC's main duties lay in assisting its member unions in individual incidents and conducting negotiations at a national level with the CBI. The CBI is a more recent creation, and it is an amalgam of a number of bodies (IDE Research Group, 1981, 112). It does not hold the same collective power as the TUC; the employer organisations tend to have difficulties in forming cohesive lobbies as such. Also, it tends not be very influental whenever a Labour goverment is in power. Still, it acts as a collective voice of the British employers whenever it chooses to do so, and its main duties are similar to those of the TUC. The CBI, however, was initially formed as a response to more organised and centralised trade unions, ie. the employers needed to organise in order to gain more bargaining strength.

4.3 The State

The role of the British state in collective bargaining is more subtle. Yet, it is of tremendous importance. Edwards *et al* (1992, 3-5) claim, that the tradition of voluntarism, ie. the avoidance of state intervention in industrial relations, has created an uniquely 'British' system. Basically, the British state has employed a policy of non-intervention; the idea has been that the employment matters are better left to be dealt with those, who have a closer interest in them (ie. the employers and the employees).

Gospel and Palmer state (1993,162) that voluntarism, in practice, meant that "neither employers or unions relied much on the state and its institutions to achieve their objectives." The reasons behind this exclusion of the state in industrial negotiations are numerous. British trade unions were suspicious of legal intervention, possibly because of the difficult, if not hostile, relationship between trade unions and the British judiciary in the early development of the British labour law (Gospel *et al*, 1993, 163). There are other reasons behind this suspicion; Gospel and Palmer hint (1993, 163) that the British judges are, in general, recruited from a narrow social class and that they cannot, without bias, relate to class issues involved in industrial cases. Also, they claim that the common law's emphasis on private property and contractual rights give little recognition to collective pressure group action. The employers accepted voluntarism as well, because they were opposed to the legal intervention on the grounds that labour legislation, which would inevitably include some protection for the employees, was a threat to their economic prosperity. Gospel *et al* claim (1993,165) that "it was only from the mid-1960s onwards, as a result of increasing competition and the growing perception of a union 'problem', that pressure from the employers for restrictive legislation on strikes, picketing, the closed shop, and

the enforceability of agreements emerged." The period of the 'Welfare Compromise' (a coalition government that agreed on several objectives, which, if successfully enacted, would bring on a British welfare state) which began with the postwar Labour victory in 1945 stated that the governments objectives (full employment and a Welfare Sate), were to be achieved by the use of Keynesian economic policies in which government acted to regulate demand and smooth the business cycle by public expenditure (ibid, 1993, 165). Although government intervened in collective bargaining occasionally, the details were left to the employers and the unions. This system kept voluntarism alive, partly because both employers and trade unions supported it. The beginning of the collapse of voluntarism came in the latter half of the 1960s. Governments became increasingly concerned with the international competitiveness of the British economy and as a result, the state set out to curb trade union power on the grounds that the voluntary system was failing to satisfy national needs (ibid, 1993,167). Edwards *et al* note (1992,11) that during that period the imposition of incomes policies was the most obvious break with the tradition of voluntarism. Also, the employers felt that the building of a Welfare State with Keynesian policies was threatening the interests of business with increasing corporate taxation. The Labour government of the late 1960s set up a commission to investigate industrial matters, and the succeeding Heath Conservative government of 1970-1974 attempted "a more comprehensive and fundamental restructuring of British industrial relations in the 1971 Industrial Relations Act, which combined legislation to reduce trade union power with attempt to reshape trade unions to fit them into more bureaucratic administrative structures (Gospel *et al*, 1993,168)." The Labour government of 1974-79 repealed these laws and went ahead with its own extension of labour law, but the Thatcher government from 1979 onwards relaunched the offensive against trade unions with legislation aimed to reduce union power by tight monetarist policies (ibid, 1993,168).

Brown (1991, 274) stresses the importance of legal rights in industrial relations. In Britain there is no written labour constitution; in principle the workers have no legal guarantees to employ strikes and other methods in solving disputes. Instead, the British labour law grants immunity to being sued for the damages arising from certain forms of strike action. This system is open to abuse, and this was realised only recently. It was seen that under the legislation of that time, it depended largely on the goverment in power how the labour law was understood. Today the labour legislation in Britain is extensive, but as the legislation has been largely put forward by the Conservative Party and Mrs. Thatcher, it tends to concentrate on procedural matters and undermine the trade unions. Protective labour legislation on individual rights is almost non-existent; for example, no minimum wage level has been set. Also, the immunities the trade unions have possessed have been drastically reduced. The rights to organise work stoppages and strikes, for example, have been made more rigid and unwieldy, possibly because of the government's desire to make organising fast, effective 'ex tempore' strikes more difficult.

So, the key actors in collective bargaining are the employers, the employees and the state. In Britain, before the the 1980s, the state basically had left the employers and employees to deal with these matters by themselves. At that time the two active participants could conduct negotiations on more or less equal basis; there was a balance of power. After the 1980s we see an active state which intervenes in industrial relations in Britain on regular basis, and hugely less influental trade unions. At the same time, the amount of new protective labour legislation after the 1979 is practically non-existent. What, then, were the concrete changes to British industrial relations that the 1980s brought with it? Section 10 of the thesis will tackle this question fully.

5 COLLECTIVE BARGAINING IN OTHER INDUSTRIAL COUNTRIES – A COMPARISON

The styles, methods and goals of collective bargaining vary from country to country. This variation is often used to explain the national differences in union densities. This chapter of the thesis examines, whether these national differences can be used to explain, in part, the dramatic drop in British trade union density in the 1980s.

The six countries examined in this sextion (or seven, including Britain) all bear certain similarities with each other. They are all highly industrialized, technologically advanced, urbanised welfare democracies. Also, of these countries Britain, France, Germany, Italy, Finland and Sweden are memberstates in the European Union. Still, there are remarkable differences in the trade union density between these countries, as this table for 1991 figures (Edwards *et al*, 1992, 167) shows:

Sweden	90 %	
Finland	87 %	
UK	41 %	
Italy	39 %	(the three main confederations)
Germany	35 %	
Japan	35 %	
US	20 %	
France	9 %	(in the late 1980s)

What accounts for these differences? This chapter presents eight possible reasons that may explain the diversity.

5.1 The Extent of Collective Bargaining and Union Support

H. Clegg (1981, 27) comes forward with a theory in which he claims that union density is largely dependent on the extent, the 'depth' of collective bargaining and the level of support and recognition the union gets from the government and the employers. By extent he means the number of people affected by collective bargaining, in short the coverage; how many employees are involved and how many actually reap the benefits of bargaining? Also, the support for union security from especially the employers is an important factor in Clegg's opinion, but friendly policies from the ruling government are consequential as well.

This theory can be supported by statistics from Sweden and the US. Sweden has the widest coverage of collective bargaining for both white-collar, public sector and manual employees' unions. She also has, by far, the most supportive employers' associations. By Clegg's theory this explains the high union density. In the US, by contrast, the extent of collective bargaining is very low, especially in private white-collar sector and consequently a very low union density as well. Also, in the US the employers tend to have a hostile attitude towards unions. R. Bean (1986, 39) notes that the ballot system in America is a restricting factor to unionisation by its nature. Bean claims that " in the United States a union needs to win a majority vote in ballot, and although perhaps 40 to 45 per cent of the employees in a given enterprise may desire union services the union fails to achieve recognition because of the unwillingness of the majority of their colleagues to opt for unionisation. Consequently, because non-recognised unions are of little benefit to employees these is less incentive to join (Bean, 1986, 40)." The unwillingness of the employees to unionise may be a result of the employees fear of antagonising their employees by opting for unionisation.

5.2 The Successful Separation of Political and Industrial Objectives of Labour

M. Poole claims that "a characteristic of countries with high union densities is the successful functional separation of political and industrial objectives of labour (Poole, 1986, 76)." Focusing on industrial objectives ensures that employers are generally willing to accept trade unions as bargaining partners. Surely, if the trade unions are not overly radical by nature they stand a better chance of 'getting along' with both the employers and the government. In the long run this perhaps results in more effective negotiations and probably more benefits for the employees. This, consequently, is likely to effectively attract new members and keep old members unionised.

This is the case in Sweden, where the unions do generally concentrate on industrial matters and use the Social Democratic Party to secure favourable conditions for recognition and bargaining, instead of trying to independently bring about social change. In France, for example, the unions' objectives have at least in the past been very different, as the next section illustrates.

5.3 Ideologies

Ideologies have played, and still do, an important part in unions' objectives and strategies. In most of the countries we have studies the trade unions have been

founded upon an ideological background. The important detail is whether the unions use this background as a less important 'guideline', a relatively undefined set of universal values or as a concrete vessel of definite goals that are instrumental to social change.

R. Bean states that the French trade unions are class-orientated organisations that view contemporary western society in predominantly Marxist terms and aspire to promote overall, long-term worker interests rather than defend particular and narrow craft or job interests (Bean, 1986, 21). This comes naturally for France; the industrial development in France began relatively late and socialist influence was strong when the unions were formed. The French unions sought to, and still do, mobilise workers to a class-struggle, with transformation of what they viewed as an exploitative and alienating society as their ultimate aim. Needless to say, employers and to a much lesser extent, governments, are viewed as enemies and collective bargaining is frowned upon. French unions consider strikes as an effective weapon to be used often, even though they commonly lack the financial resources for them. This all sounds very grand but what, then, accounts for the low union density in France? First, the average employee is more likely to be more interested in definite benefits that can be understood and acquired in a short time. Dramatic social change is a concept that fails to gain the sympathy of the employee when he or she is more interested in receiving a wage increase. Second, the radical nature of the French unions has alienated the employers and the employees might not join the unions for the fear of antagonising their employer and possibly even losing their job. Third, the ideological differences are not in existence only with unions and employees; French trade unionism is very pluralistic, different unions have different ideologies and they compete against each other. This, on top of everything else, probably confuses the employees; it is hard to choose from several small unions that all claim to represent him or her. Nevertheless, the French unions, when pressed hard enough, have been able to put their differences aside and initiate large-scale strikes that paralyze the whole country, although this has usually been on short-term basis only. The British, at least, would attribute this to the famous French temperament.

A different approach has been existence in the UK and Britain. Poole discusses 'business unionism' and 'job consciousness and job control' in the USA. By these he means "an overwhelming emphasis upon economic struggle and collective bargaining, as opposed to broad political reform of the society and the economy (Poole, 1986, 22)." In short, American, and to some extent British trade unions have pursued short-term economic gains instead of longer-term social change. Considerations of social justice are not absent in the countries, by any means, but the unions in these countries are, as stated by Hoxie (1920, 45) more trade-conscious than class-conscious. This is probably more attractive to the members of the union. On the other hand, the USA has a low union density itself, although higher than in France. So this theory does not alone account for the differences in union density.

5.4 Managerial Styles and Company Size

This factor is partly explained by the support and recognition the unions receive from the employees, only in smaller scale. For example, paternalistic or unitarist leaders are more likely to view trade unions as adversaries instead of bargaining partners, and in countries where these sort of leadership styles are common the effect is felt nation-wide. Also, unions tend to have problems in recruiting members from particularly small companies; the larger the company gets the more protected its employees feel about their position and therefore are more likely to join unions. If small companies constitute a large proportion of a country's total number of firms, again, as a consequence, this will probably have country-wide effects.

Once again, France offers us a perfect example. There is a large number of small family firms in France, and French managerial styles are usually paternalistic and authorative. This leads to a more rigid collective bargaining system, and further, low union density; the employees may feel insecure about their position and are not willing to offend their employers by joining trade unions. In Sweden, on the other hand, managers traditionally use village market -type managerial styles. Also, Sweden's industrial structure is characterised by a small number of highly concentrated large firms, unlike in France. To be able to operate effectively unions must organise higher proportion of the labour force. Managerial styles' effects on trade union density in Britain are more thoroughly examined in chapter six of this thesis.

5.5 Cost of Living

Employees are eager to maintain their standard of living. Rising prices are seen as a threat to this, so that the faster prices are rising the more likely the workers are to join a union in order to protect it (Bean, 1986, 43). Also, if we look at rising prices as a reflection of business prosperity, they may also favourably affect the opportunity to organise since the employers are more likely to concede to worker demands because they do not want to lose productivity and the higher labour cost can be passed on to their customers in form of price increases (Bean, 1986, 43).

Statistics do not seem to unconditionally support this claim. At least, during the economic boom of the middle 1980s the union densities in our target countries have shown only a marginal increase, or more often, a decrease. Granted, in the 1980s the underlying threat of global recession and the slightly increasing unemployment probably affected this.

5.6 Unemployment

Another factor that affects union densities and has been an important phenomenon lately is high unemployment. It is presumed to influence both the opportunity and propensity to unionise (Bean, 1986, 43). In times of high unemployment the employers have more bargaining strength and may be able to undermine union efforts. Also, the workers may choose not to join a union for fear of antagonising their employer.

This claim does hold its own, at least when one examines the 1980s. The statistics of the seven countries show (Edwards *et al*, 1992, 167), more often than not, a steadily declining union density in conjunction with rising unemployment that generally reached its peak in 1986 -87. Granted, in most countries' cases the decline in union density seems to have been underway since the late 1970s but the rising unemployment has not exactly helped the unions in recouping their losses. Further, the changes have been usually rather marginal. For example Swedish unions' over all density hardly changed at all during this period. This might be explained by the upper limit -theory, according to which a union's density is less likely to increase (and to a lesser degree, decrease) once the union has reached a certain density. Bean (1986, 43) talks about 'saturation' effect; organisation happens first among workers who are easiest to organise and, as union density rises the, more difficult it is to recruit new members.

5.7 Changes in the Industrial Structure

Throughout the Western world there has been a change in the overall industrial structure during the recent years. Service sector has grown at the cost of the more traditional sectors, such as agriculture and manufacturing. Service sector is generally seen to consist of part-time workers to a much greater degree than other sectors; many of the jobs in service sectors are seasonal, or lack the benefits a long-term job has to offer. Also, many of the workers in the service sector are women. Unions' growth is inevitably lacking behind structural change; its focus is still on the traditional fields of work. Because of this they may be losing many potential members, and since the part-time workers efc. in service sector generally may be less interested than usual in unionism, a decrease in union density is unavoidable.

Of the factors presented in this chapter I find the first three the most important ones. Surely, the extent of collective bargaining and the support and recognition trade unions receive from employers and the government seem to be the most concrete elements of successful trade unions and high density, and further, the

separation of political and industrial issues in industrial relations and the avoidance of overtly radical unionism are significant as well. The recession of the late 1980s and early 1990s does not, in my opinion, play a crucial part in the overall decrease of union density in the seven countries we have studied. Neither do I consider the industrial centralization/ decentralisation nor the managerial styles in a country critical factors behind low or high density.

6 BRITISH MANAGERIAL STYLES AND THEIR EFFECT ON ORGANISATIONAL CULTURE

In this chapter I will examine British managerial styles and the effect they have on organisational cultures. I will try to define the terms 'managerial style' and 'organisational culture' and by using different typologies, deduce the effect managerial styles have in the organisational culture. I will concentrate on the 'strong' and 'weak' aspects of organisational culture and also try to determine whether a given managerial style is particularly 'employee-friendly' or not. By the term 'employee-friendly' I mean the basic attitude that the management has towards the employees in a certain style. The purpose of this chapter is to find out, whether British managerial styles affect British organisational culture, specifically whether the management approach to organisational culture encourages unionisation.

6.1 Managerial Styles And Organisational Culture

Purcell defines managerial style as 'the existence of a distinctive set of guiding principles, written or otherwise, which set parameters to and signposts for management action in the way employees are treated and particular events handled (1987). The managerial styles therefore consist of the basic values the management has and the choices concerning the employees they make in the light of these values. Managerial styles are the underlying philosophies and policies which have an effect on the action; they are in a way akin to business policies and strategies. The study of managerial styles is important in the sense that not all business have definite long-term strategies and written policies (especially so in the case of small firms) and in these cases the style of management acts as a surrogate to these; managers' philosophies and principles have a large influence on the day-to-day running of these enterprises and their employees.

Managerial styles depend largely on the size, centralization of control and public ownership of the firm. As Clegg (1981, 160) puts it, 'managers in large plants tend to handle industrial relations in a different way from their colleagues in small plants; the conduct of industrial relations in multi-plant companies which centralize personnel matters differs from that of decentralized companies;and many characteristics of industrial relations in the public sector contrast with those of the private sector.' The management is forced to adopt different styles to cope with these different variations. Also, the managements' approach to the trade unions varies and this, too affects the formation of managerial styles. Marchington (1982, 39) sees the factor of trade union

recognition by the management crucially important in the development of the managerial styles. National cultures tend to have an influence on the managerial cultures, and also other external factors like e.g. international competition. Different authors have set up different typologies for managerial styles and in the next chapter I will examine these typologies and their relations with organisational culture.

Until today the concept of 'organisation culture' has been defined in the most minimal way as a 'set of shared meanings, or taken-for-granted assumptions (Legge, 1994, 405). Nowadays these sort of definitions are seen as inadequate and several writers have set out to further explore the idea. A distinction between 'strong' and 'weak' organisational cultures is seen to exist; strong cultures being ones that bind together a differentiated organisation and weak cultures not possessing the same amount of cohesiveness. Strong cultures tend associated with effectiveness and rigidity while weak cultures are affiliated with flexibility. Legge claims that while weak organisational cultures are seen as more flexible in responding to the unfamiliar they cannot generate commitment to actions, whereas 'strong cultures, through disconfirmation and eventual ideological shift may prove ultimately more adaptive to change, assuming the emergence of a new, strong yet appropriate culture (Legge, 1994, 427). There are several other dimensions in studying the organisational culture, e.g. how the national culture influences organisational culture and how the evolution of the organisational culture goes through technological and ideological progress. Sufficient to say, in the context of this chapter I will understand 'organisational culture' as something which is formed in an organisation by the interaction of employees, managers and national culture alike and that which forms the ideological basis to that particular organisation. I will examine the effect of the managerial styles to the organisational culture from two sides: whether the outcome of this influence is likely promote strong or weak organisational culture and how union-friendly (i.e. what is the management's general attitude to wage increases, unionism, worker participation etc.) it is.

6.2 Typologies Of Managerial Styles

6.2.1 The Fox Categorisation

In 1966 Alan Fox wrote a study for the Donovan Commission, which was a commission set up to investigate the state of industrial relations in Britain in that time. In this study he outlined two contrasting frames of reference employed by the managers and spelt out some of the implications that would flow from this. These were the unitaristic and pluralistic frames of reference. The Fox categorisation has provided the basis for further study of the field, and is basically rather simplified model of managerial styles.

Unitary frame of reference

The unitary frame of reference assumes that in an organisation there is only one source of authority and one focus of loyalty. In the unitary management style each employee strives towards a common goal of organisational success, defined by the employer. Each person in an organisation works to the best of his ability and follows unquestioningly to his leader. Trade unions are not recognised and conflicts are seen as impossible. Needless to say, this management style is likely to create a strong organisational culture but is not very employee-friendly. The employees are very unlikely to have any say in the running of the enterprise and are wholly dependent on the good will of the employer. This probably has a strong negative effect on the motivation of the workforce. Nowadays managers rarely rely on the unitary style of management alone.

The pluralistic frame of reference

The pluralistic frame of reference recognises separate interests within an organisation. Organisation is seen to contain many separate and competitive interests (Marchington & Parker, 1990, 77). The main differences between pluralistic and unitary frames of references are the pluralistic frame's recognition of trade unions, limitation and control of managerial prerogatives and allowing of employee participation and finally, the acceptance of conflict at work. The pluralistic frame of reference has many different patterns, but all of them are more employee-friendly. On the other hand the pluralistic frame of reference can encourage both strong and weak organisational cultures.

6.2.2 Purcell's Model

John Purcell (1987) admits that Fox's model has had a major influence in defining managerial styles, but states further that it is a far too simplistic approach. He claims that there are several variations in both of the frames which Fox has not taken into account (e.g. in the unitary frame of reference the difference between exploitative and loyalty-based firms). Also, he claims that since the terms unitary and pluralistic are mutually exclusive and that this is not the case in real life (some firms might employ both of the approaches in different areas of managerial control). Finally, he states that in Fox's categorisation it often unclear whether these terms relate to individual workers or trade unions. In Purcell's opinion Fox's frames are not compatible with the real-life situation and offers another approach, one based on individualism and collectivism.

Individualism

Purcell defines individualism as 'the extent to which the firm gives credence to the feelings and sentiments of each employee and seeks to develop and encourage each employee's capacity and role at work (Purcell, 1987, 536).' So, if a firm has individualistically centred policies it is likely to view its employees as a resource. Purcell defines three stages of individualism.

First one of these stages is called the *commodity status* -stage. This stage emphasizes labour control and is likely to use e.g. negative discipline sanctions to maintain it. Individual employee is seen as a unit of production to be hired and fired and therefore they have a low job security. Managers who adopt this style are likely to promote strong organisational culture and unfriendly, if not hostile attitude towards employees. This kind of managerial style is uncommon in Britain today and is probably not very effective, despite the strong organisational culture it creates.

The second stage is called *paternalism*. In this stage employee is seen as a natural subordinate and is kept in line with 'well meant' regulation. Firms of this stage are likely to have some sort of welfare care for its employees and employee motivation is probably considered more important than in the previous stage. This managerial style promotes strong organisational culture and is likely to be more effective than the *commodity status* -stage style of leadership because of increased employee motivation. However, as the previous stage firms with this managerial style are likely to be rigid and do not easily adapt to new circumstances.

The third stage, *resource status*, regards employees as a potential resource. This means that the internal markets of the firm (training etc.) are considered important. Managers who adopt their style from this stage focus on communication and employee involvement to secure commitment. This stage is likely to instill a strong sense of commitment from the employees but probably creates weak organisational culture. Resource status -type strategies are often called Human Resource Management (HRM) strategies and they are becoming more and more popular in Britain.

Collectivism

Purcell defines collectivism as 'the extent to which the organisation recognizes the right of employees to have a say in those aspects of management decision-making which concern them (Purcell, 1987, 538). One way of measuring this recognition is to see how the management views the trade unions; denial or acceptance. Again, Purcell divides collectivism into three stages.

The first collectivistic stage is the *unitary* stage. This approach has been covered earlier in this chapter, and its essential idea is that of a common goal. The second

stage is called the *adversial* stage and it focuses on stability, control and institutionalisation of conflict. It seeks to control unions by regulating the negotiation processes but is still reluctant to compromise with the unions. Firms' managers who rely on this style probably create an organisational culture somewhere between strong and weak; not impossibly rigid but not too flexible either. Employee job satisfaction and motivation are likely to be more apparent than in the earlier, *unitary* stage.

The final stage of collectivism is the *co-operative* stage. It tries to create a 'constructive' relationship between managers and workers. Workers have discussions with managers and decisions are made partly on the basis of these discussions. This kind of managerial style creates strong work motivation and job satisfaction but might make the firm more slow-reacting and instable. Organisational culture of this kind of firm is likely to be strong, because of the worker participation, but the actual decision-making processes might be in the weaker side. On the other hand, *co-operative* style can be very flexible in dealing with external factors and is very adaptable to new situations.

6.2.3 Salamon's Amended Model Of The Purcell's Model

Michael Salamon (1992) uses Purcell's individualism-collectivism -axis to create a third dimension into it. He calls it the employment relationship-axis and it further defines the degree of worker participation in a firm. The three stages of this dimension are *employee subordination,* which grants no decision-making powers to employees, *limited acceptance,* which grants some power to employees and *genuine partnership* which assumes that workers and managers are equal in the decision-making process. With this new dimension Salamon has created five new managerial styles of which two are of interest to this chapter.

Sophisticated consultative style seeks to increase employees' understanding of management's position and offers a limited role for them in decision-making. These developments are intended to improve the organisation's performance, quality, flexibility etc. As stated before, this style's aims are to undermine union influence by offering the workers rare insight of the firm's management's position and the competition they face. In short, it attempts to implant management's aims to the employees. The difference between this and the *unitary* style is that the *sophisticated consultative* style does not force these ideologies but instead appeals to the common sense of the employees and gives them the chance to understand and participate in firm decision-making. This probably creates a strong organisational culture with enough flexibility and adaptation ability to cope with competition and changing environment. Also, the workforce is likely to be highly motivated. By Purcell's two-dimensional scale this style would both extremely individualistic and collectivistic but in the Salamon's third dimension, the employment relationship, it is situated only in the halfway. The ultimate

employee-friendly style in all these three dimensions would be the *sophisticated integrative* -style. It is based on the idea of equal, collective-based partnership and is highly individualistic (individual rewards, personal needs) at the same time. Managerial prerogatives are accepted by all. This managerial style is extremely democratic and employee-friendly but might result in slowed decision-making processes. On the other hand, it certainly promotes a strong organisational culture and is likely to be highly thought of by the employees.

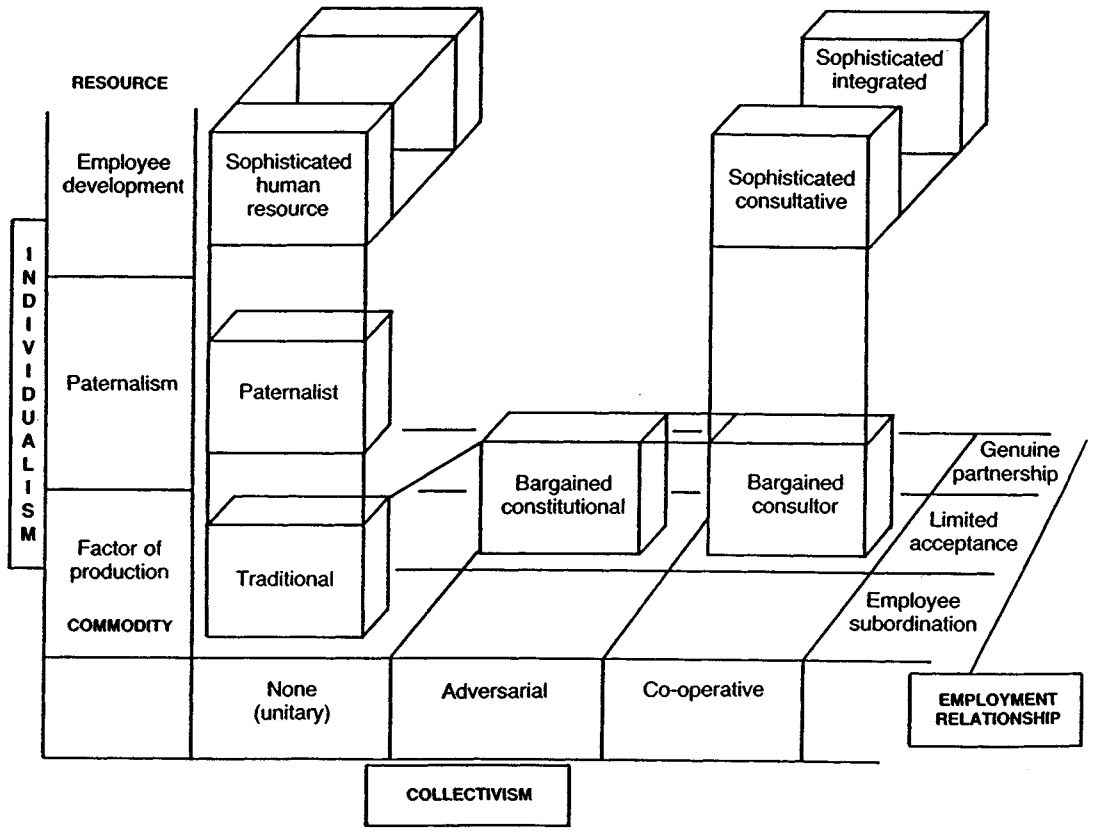

Figure 3
Salamon's amended model of the Purcell's typology of management styles (Salamon, 1992)

6.3. The Effect of British Managerial Styles to Trade Union Influence

The scope of managerial styles is wide and it is unlikely to meet only one managerial style in any one given organisation. Managers in British firms are more likely to combine different styles to make up their own individual model to suit the firm's current needs. One obvious trend of the post-war period in Britain is to be noted; that is the move from managerial coercion to managerial 'seduction'. Also, even though employees are given seemingly large amounts of power in the more developed styles, one has to remember that even these reflect the management's view of the employees' needs. 'We know what's best for you' - thinking is still apparent in even the most employee-friendly managerial style. The changes in the British managerial culture and business thinking have made it necessary for the management to give more thought to the employees' position, but this does not necessarily mean that the management would be any less profit-seeking and calculating, or any less anti-union than before. One might cynically observe that while the status of employees has certainly been improved during the later half of this century, it is still in question whether the employees even today have any more power inside their firms than what is the outcome of the trade unions' efforts.

The British management still adopts an adversarial view to the trade unions. The differences and the scope of today's managerial styles does nothing to change this; there is still a conflict between the management and the unions, a conflict in which both sides fight for the commitment of the employees. The 1980s brought significant changes to the British management approach to this conflict; it has changed from coercion to seduction, but it seems that the tradition of adversial industrial relations in still in effect in Britain.

7 BRITISH PAYMENT SYSTEMS AND THEIR EFFECT ON TRADE UNION INFLUENCE

In this chapter I am going to examine the effects of different payment systems to British industrial relations. In the context of this particular chapter I will limit the extent of industrial relations to signify the industrial relations in the workplace; that is, I will not examine the effect of widely used payment systems to the national, or regional climate of industrial relations, only to the industrial relations at plant-level or lower. Also, I will exclude from this chapter non-pay, or 'fringe' benefits altogether and touch profit-sharing schemes only slightly; these will be more closely examined in chapter nine.

7.1 Background and Current Trends

Before I start evaluating the different payment systems I would like to point out two important factors in deciding which payment systems and levels are deemed suitable for a given job. The first one is fairness. Which level of pay is consider fair by the employer may be quite different from the employees idea of a fair pay. It is a normative idea and "there is nothing absolute in fairness in pay [...and...] it is based on comparison (Brown & Walsh, 1994, 443)." So, employees compare their wages to those of fellow workers and to those employed by another employer and based on this comparison feelings of unfair treatment can arise. These, in turn can quickly lead to discouragement and dissent (Brown & Walsh, 1994,443).

Effort is another normative notion. In order to grade to levels of pay it is necessary to measure the effort needed in a particular job. Again, there are no objective methods of doing so. Also, "there is no simple connection between the number of hours worked and the amount of work done (Brown & Walsh, 1994, 441)." Yet it is of vital importance, especially in relation to the concept of fairness, to produce some kind of logic in payment levels that, in addition of being consider fair by the employees, is economically feasible and productive. British business organisations use a variety of job evaluation techniques in establishing pay, from simple ranking, or grading systems to extremely complex analytic techniques, most sophisticated of them probably being the 'points rating' system.

Also, employers and employees have different objectives in formulating payment systems. Employers and managers are more interested in having a competitive payment system that attracts suitable recruits. They are also concerned about how the rewards affect the quality and pace of work and how to best motivate workers. Further, an important factor in managements decisions concerning pay is cost-effectiveness; how profitable a certain payment system can

be. The employees have different objectives. They are more interested in maximising their purchasing power and the composition of pay (the ratio of salary, fringe benefits, bonuses etc.). Further, the employees are concerned about the fairness and relativity of pay. They also may be questioning whether their pay is reasonable concerning the company's profits (Torrington & Hall, 1987, 488-492).

The recent developments in British payment systems show a move away from traditional payment by results and times based systems to performance related pay. Also, decentralisation is a current trend. Individualised negotiations over compensation are often preferred over collective agreements; this in part can be used to explain falling union densities. There has been a growth of share option and profit sharing schemes; as well as harmonization of basic terms and conditions across the workforce. Profit-sharing and fringe benefits will be more closely examined in chapter nine.

7.2. How Payment Systems Affect a Workplace's Industrial Relations

7.2.1 Payment by time

Time based systems still are the most common payment systems in Britain. In a payment system based on time the majority of employees are paid according to a fixed rate per hour, shift, week, month or year (Brown & Walsh, 1994, 451). It is to be noted that most British business organisations have at least some sort of fixed rate for their employees; rarely is pay determined solely on the grounds of performance of output, for example. The benefits of this system are that it is very simple to operate and extremely predictable; the management know more or less exactly what are the pay costs for any given period of time. This, however, also tends to make it more difficult to oversee the quality and pace of work; supervision, as well as social pressure to 'work hard' are needed.

Systems related by time certainly have an effect on a workplace's industrial relations. Brown and Walsh mention two negative effects this sort of system has: grade drift and proliferation of job grades (1994, 453). By grade drift they mean the tendency for individual jobs to bunch up, with passage of time, into higher levels of grading structure. This happens because jobs are usually graded upwards in the grading structure by individual managers who give their employees the benefit of doubt. Needless to say, if all jobs in a workplace are graded to the upper levels of the grading structure the salary costs can be quite extensive. To fight this firms usually overhaul their payment systems in steady intervals. This might result in discontent among the employees and as a consequence, more aggressive union policies within the workplace. By

proliferation of job grades Brown & Walsh argue that many different kinds of job grades tend to spring into existence with the recruit of new workers as well as in keeping the old workers happy; many job grades are given new, grand names as an inducement for the job even thought the possible alterations may have been very slight. The multitude of job grades makes bargaining, be it collective or individual are more strenuous task.

Also, this payment system is not likely to motivate employees to a great degree and may lack the necessary strength to induce strong sense of commitment. Since effort is more or less expected to be the same from every employee the question of fairness may arise. As a result the trade unions may have fertile 'breeding ground' for recruits to the union. On the
other hand, this sort of environment may play against collective ideologies, too. Employees may feel their work is not appreciated as much as it should, especially since there in all probability are differences in the level of effort with different employees. An employee who considers himself a hard worker, as opposed to others, may find the fixed rate of pay unfair, but possibly would not turn to the union in order to change the situation; after all, trade unions represent collective power and collective negotiations will divide the possible benefits with every worker, even the less arduous ones.

7.2.2 Payment by results

This payment system is based on output. Usually, only a relatively small proportion of wages, 10-20% is based on some measure of physical output of an individual or a group. There are, however, cases where the proportion is larger; for example T. Lupton's study on an electronics company Jay's (T. Lupton, 1984, 160) reveals that generally in this firm almost half the weekly wage of the workers was generated by a bonus system that was based on the speed with what a worker finished a product.

Result based systems particularly emphasise the importance of measuring effort; indeed, the intention of this system is to raise and reward effort. Possible effects that this might have on the industrial climate of the workplace are numerous. First, competing individuals and workgroups are likely to show up. This in turn may reduce the solidarity among the employees; for example, workers may start to consider certain individuals as 'job-spoilers' if these are awarded, or if they grab them themselves, more assignments etc. than the others. Cliques begin to form, and certainly some employees will question the fairness of their wages when compared to the other employees.

For the trade unions, this a difficult problem. How to secure steady membership and high density in a possibly very competitive workplace? A possible result of this system is a weakening of union power. Also, because of

this, and of the nature of the system, the management has much more discretion over the wages. The industrial climate of the workplace may become more authoritarian, despite the seemingly sincere effort of promoting and rewarding individual/group effort.

7.2.3 Payment by performance

These systems are based on merit rating. Individuals are assessed by either an internal or external appraisal (usually line managers or personnel department; outside consultants are usually considered too expensive). J. Storey and K. Sisson describe performance-related-pays as having two main types:"one involves the linking of pay to performance as measured by the achievement of specific individual objectives and the other [...] assesses performance in terms of certain behavioural traits such as problem-solving, reliability, initiative cooperation and so on (Storey & Sisson, 1993, 138)." The performance-related payment (PRP) systems are focused on the individual; they resemble payment by results schemes but are even more pronounced in rewarding and raising individual effort. Also, the PRP schemes are usually applied only to managerial employees. An example of these systems would be e.g. profit-sharing schemes that reward effort with either in form of direct cash payments or shares. Profit-sharing is more closely examined in chapter 9, as they are by far the most important of both commitment and involvement strategies and non-regular methods of payment.

This kind of system is very competitive in nature and in my opinion highly likely to have a negative effect on the union density and influence in the workplace. Since the employee's pay is negotiated virtually directly between him and the management he may see little point in supporting the union. On the other hand, this system is very suitable in promoting effort; the employee may see himself the effects of his work to his paycheck. The weaknesses of this system are relatively obvious. First, the appraisers may not be entirely objective in assessing an individual. Second, no matter how objective the assessment is the employee may feel that he is being treated unfairly. This system of pay , also, can lead to union obsolence in the workplace and as a consequence the management may gain more power in deciding payment levels.

7.2.4 Payment by length of service

This payment system's goal is to reward loyalty and raise commitment to the company. Usually, only a part of the salary is based on the employee's length of service. This way, by staying in a company the employee's pay gradually increases. The benefits of this system to the employee's are obvious, the employees probably will be more committed to the firm if they know that the longer they stay in the firm, the higher their salary will be, even if they are not

promoted. The disadvantages are less clear. Perhaps by making the length of service a measurement of pay the employees might be less motivated to work at their hardest; they might not see the point in achieving excellent results if they know that their pay will increase in any case. This system might be best used in connection with another system, for example a PRP-scheme. This system will probably be considered fair by all the employees, but the effort it generates may be sadly lacking.

For the British trade unions, payment by length service may spell bad news. The more committed to the company the employee is the less likely he is to strongly support the union. On the other hand, as this system does not place particular attention to the performance of the employee he may feel safe enough to freely show his affiliation with a union.

7.2.5 Payment by productivity

These systems are usually based on groups and how they contribute to the overall productivity of a firm. The contribution the group (or individual) makes over a certain period of time is ciphered by using various methods and the group is rewarded accordingly. This system, like performance and result related systems, is likely to increase competition among the employees. Also, this system prefers individual negotiations between the management and the employee(s). These factors are likely to weaken the union influence in the workplace. As with the payment by result system questions of fairness and level of effort will certainly arise.

7.3 The Effect of the Various Payment Systems to Trade Union Influence

I believe that the key issue in determining what kind of an effect different payment systems have to industrial climate at a workplace is the order of preference between individual and collective bargaining. As the trend for today is, PRP schemes are becoming more and more popular and with that goes the rising inclination to prefer individual negotiations instead of collective bargaining. Indeed, in a larger scale decentralised bargaining is a development that can be seen growing in popularity in many European countries today, and especially in Britain.

The payment systems based on results, performance or productivity all favour individual negotiations over collective bargaining. These systems are very likely

to lessen the trade union power in the workplace. On the other hand, payment systems that are based on time or the length of service may make the employee feel secure enough to strongly support the union. Further, individualised payment systems may seem to promote fairness in the workplace but at the end of the day they might give the employers too much control over the wages, especially if the particular union is weakening in that workplace and industrial sector in general.

8 THE RISE OF THE NEW INTRA-FIRM COMMUNICATION STRATEGIES IN THE 1980S

In this chapter I am going to examine the intra-firm communication strategies that gained much popularity in Britain during the 1980s. Freely interpreted they could be called strategies that aim to involve an organisations' employees in the management of their organisation and raise the level of their commitment. These strategies sometimes offer limited decision-making powers in the organisation to the employees. For the purposes of this thesis I will confine myself in examining what I think are the most important intra-firm communication strategies of the 1980s Britain; commitment and involvement strategies. It should be noted at this stage that these strategies are but two phenomenons (albeit important ones) in the field of intra-firm communication;: this thesis concentrates solely on them because of their importance and dominance in the 1980s British industrial relations field. A few of the most popular forms of specific commitment and involvement strategies will also be examined more thoroughly in subsequent sections of this thesis.

Commitment and involvement strategies are typically encouraged as a part of the Human Resource Management (HRM) approach to personnel management. The HRM approach stresses the importance of employees as resources to be trained and motivated in order to reach best results; it distances itself from the older, authoritarian styles of personnel management. An integral part of this approach is increased intra-firm communication; in fact the above mentioned commitment and involvement strategies are almost solely based on increased intra-firm communication.

In this section of the thesis I will briefly go through the current trends and frameworks of development in the field of intra-firm communication and separately examine the most popular forms of HRM -based strategies of commitment and involvement in Britain. In general, I will inspect the commitment and involvement strategies separately although it is probably reasonable to point out at this stage that between the two phenomenons there is a considerable degree of overlapping and most of the factors behind one of them can also be applied to the other. As stated above, the main emphasis in this section will be on the increased quality and quantity in intra-firm communication that closely correlates with both phenomenons, and how much of this is directed against the British trade unions; is the increased dialogue between employers and employees part of a managerial plan to eliminate trade union influence in British workplaces? Bearing in mind the dramatic drop in union membership in Britain during the 1980s, from density of 51 % to 41 %, the relevance of this line of reasoning can be justifiably argued.

8.1 Definitions

There are several valid descriptions for the terms 'commitment' and 'involvement.' These terms have been interpreted in many ways, and contradictions have sometimes arosen. As stated above, the terms themselves overlap to great degree. Also, other terms have been used in similar contexts, for example 'identification' and 'attachement.' In his essay in *The Journal of Applied Psychology* Kanungo (1982) distincts three varieties of employee involvement.

1. *Work Involvement* can be understood as the individual's personal conceptions of the value and importance of work in life. It is the result of a long process of socialisation.

2. *Job Involvement* simply means the individual's conceptions of his/her current job and its correspondence with his/her current needs. It is a more temporary concept than the concept of work involvement.

3. *Organisational Commitment* can be understood as the individual's general attitude towards the organisation that employs him/her.

For the purposes of this thesis and chapter the third concept, organisational commitment, is the most relevant one. It is the specific purpose of this chapter to examine, to what degree the new commitment and involvement strategies aim at replacing the individual employee's organisational commitment to his/her trade union with commitment to his/her business organisation.

The term 'organisational commitment' can itself be defined in a number of ways. Porter *et al* (1974) understands the term as a multi-faceted phenomenon, which includes:

1. Strong belief in the organisation's goals and acceptance of the organisation's goals and values,

2. Willingness to work hard for the organisation and

3. Strong determination to retain membership in the organisation.

According to Sheldon (1971) commitment is an attitude or orientation towards an organisation which connects the individual with the said organisation. He also sees it as an intention to work towards attaining the organisation's objectives. Lee (1971) connects commitment with a sense of belonging or loyalty. These definitions seem to ascertain, that organisational commitment includes the formation of a psychological bond between the individual and the organisation. Although commitment to a certain organisation does not exclude commitment to

other areas in an individual's life (family, political party, registered society etc.) it can be hypothised that business organisations and trade unions have conflicting interests in this particular field of commitment; there is a struggle for the loyalty of the employee.

8.2 Recent Developments

According to Marchington "the last decade has seen a renaissance of business interest in improving communications with and the involvement of employees at work. These 'new' employee involvement (EI) initiatives have been much more management sponsored than in the past, and as a result they have been more concerned with employee motivation and commitment to organisational objectives and performance than with issues of joint regulation and power-sharing at enterprise level (Marchington, 1992, 1)." This is an important distinction. While earlier the driving force behind the strategies that aimed at increased 'business awareness' and possible division of power for the employees were the trade unions and their apex organisations (whose main goal was not as much the performance of the organisation but the well-being of the individual employee and increased democracy in organisational decision-making), in the 1980s these strategies were adopted by the management, with different goals at mind. The main organisational goal for the management is most likely not the individual worker's welfare but a broader set of objectives to ensure the success and good performance of the organisation as such. The familiar slogan "a happy employee is a productive employee" can be seen here in effect.

B. Townley (1994, 595) remarks that while a survey conducted in the mid-seventies revealed that the vast majority of employees did not feel sufficiently informed of their firm's developments, later surveys indicate an increased commitment to employee communication programmes. In fact, by 1988 eighty per cent of the British large companies had some form of regular communication system. Also, the legal framework has increased the need for involvement and commitment strategies. Several statutes were enacted in the 1970s and 1980s for the purposes of, both implicitly and explicitly, increasing the dissemination of information to employees, either individually or through recognised trade unions (Townley, 1994,607). But, as Townley further argues, the increased emphasis given to communication systems has not been solely as response to legislation, although it has provided a backcloth against which to view company policies.

Kauppinen (1992, 196) argues that the key word in the introduction of commitment and involvement strategies is 'flexibility.' He writes of a transition from fordist organisational culture to post-fordist organisational culture. By fordist organisation Kauppinen refers to rigid, hierarchic organisations which aim to cut down production costs through standardised products and un-skilled

employees. Post-fordist organisation is flexible and less hierarchical and concentrates on continually developing new, different products, with the importance of the markets and the quality of products (and employees) pronounced. The fordist organisation relies on inflexible systems of communication and multi-layered relations between trade unions and the management; post-fordist organisations consider simplifying and modernising these integral sectors of industrial relations a vital part of the HRM approach.

In short, the most significant suggestion in all this is the fact that this new-found interest in intra-firm communication is mainly advocated by the management instead of the workers. In Britain, where the management has traditionally seen its affiliation with the trade unions as an adversary relationship, it is somewhat obvious that increased communication between employees and management is, directly or indirectly, to some extent aimed against the unions. Often the management's objective seems to be making trade union presence in workplaces unnecessary by involving employees directly in the intra-firm communication and even decision-making. There are, however, several other reasons why the involvement and commitment strategies have gained popularity.

8.3. Commitment and Involvement Strategies - an Overview

8.3.1 Commitment strategies

H. Ramsay argues that "good communication has been accepted as an undeniable touchstone of the effective management of employee relations throughout the living memory of all today's managers (Ramsay, 1992, 220)." Increased, in both quality and quantity, intra-firm communication is fundamental in employee motivation, as is the acceptance of the fact that employee is interested in matters concerning his organisation, even if outside the boundaries of his/her specific task. Ukkonen (1989, 85) agrees with this line of reasoning. He states that the ability to communicate with other people is the most important deciding factor for personal success at work. Surely, good communication is necessary to avoid rumour mongering and as a basis for securing commitment. Intra-firm communication can be roughly divided into two forms: one-way (top-down) and two-way communication. Ramsay also makes the division of written and oral communication, but for the purposes of this thesis I will concentrate on the structure and direction of communication.

The one-way, or downward, communication systems are even today more popular than two-way communication systems. Examples of this could be regular meetings (senior management/junior management), management chain, newsletters, videos, suggestion schemes, and surveys and ballots (Townley, 1994,

596). The most common combination of all communication methods is the use of the management chain allied with newsletters. Team briefings are more widely used as one-way communication. One-way communication methods are used just to had out information, whereas two-way communication involves active response from the employees. The best know two-way communication methods are probably attitude surveys, 'speak up' and suggestion schemes and employee appraisal. Two-way communication in practice is associated with organisations which have established employee involvement programmes, where there are profit-sharing schemes and in organisations which do not recognise trade unions (Townley, 1994, 606) In short, in organisations which probably have already initiated some sort of 'co-operational' procedures with their employees.

In his communication guide to business organisations Ukkonen (1989, 85-101) does not make preferences as to what communication strategies can be used to achieve the best possible flow of communication. He stresses the importance of open dialogue and attention/feedback from the management. He also feels strongly about the reactive managerial approach to communication; it is not enough to simply 'interrogate' the employee in order to learn his opinions, two-way dialogue and a relevant and complementary line of questioning is also needed. In other words, Ukkonen feels that management feedback plays an important part in motivating the employee. All in all Ukkonen, just as his British colleagues, advocates the importance of both quantity and quality of communication in employee motivation. On the other hand, Ukkonen does not offer any concrete communication frameworks to business organisations, but uses undefinable terms such as 'openness' and 'satisfactory communication.'

8.3.2 Involvement strategies

One of the most popular methods of increasing employee commitment is making them share-, or 'stake' -holders in the organisation. Cutlip and Center point out (1982, 301) that especially among the middle- and lower management it has become commonplace to give successful managers annual bonuses in form of company stock. This is usually done through intermediaries; monetary funds and foundations (pension schemes etc.). Lower level employees are involved in company's success by linking their wages, or a part of their wages (usually 10 % - 30 %) to company's profits; these schemes are usually referred to as 'profit-sharing' and will be more close inspected in chapter nine.

Geary (1994, 640) is a strong supported of another involvement strategy, called 'task participation.' The fundamental idea behind this strategy is not as much to make him feel a part of the general company-wide decision-making and company's total profitability, but to concentrate on specific, single projects and work assignments. Geary divides the concept of task participation into two different approaches: consultative and delegative participation.

Consultative participation is a process, in which the employees have the right to 'speak out their mind' but not necessarily any decision-making powers. In short, the employees can point out the problems and deficiencis they encounter in their work and suggest ways of improvement. Geary lists two methods of consultative participation he considers most important:

1. *Two-way communication:* Mentioned earlier in this chapter among commitment -strategies (as stated, the two phenomenons are close to each other), two-way communication usually include regular meeting between management and employment, suggestion schemes, surveys, ballots etc.

2. *Quality Circles:* Quality Circles consist of small groups (usually from six to eight persons), who discuss work-related problem areas with their immediate supervisor. Quality Circles hold sessions commonly once a week, sometimes once a month or even two times a week. The employees can make suggestions to fix problems they encounter in their work or ways to improve the efficiency of their work, but the management reserves the right to choose whether they act upon these suggestions or not. In the 1990s practically every major British corporation used Quality Circles of some sort (Geary, 1994, 640).

Delegative participation methods do not, according to Geary, give the employees same rights of speech as consultative participation, but instead gives them free hands to execute the tasks assigned by the management in the way of their choosing. Thus, working is more independent and somewhat closer to the ideal model of involvement strategies. Geary has chosen to list three specific methods of delegative participation:

1. *Semi-autonomous work groups:* Semi-autonomous work groups can for example consist of departments in the manufacturing floor of a factory, which are given a more independent role. They are also given more responsibility over the profits inside the group. In short, decision-making power in independent, specific work assignments has been handed out to employees, but the management still retains decision-making power in matters concerning working hours, possible ways of sharing profit inside the work group etc.

2. *Team Work:* Working in a team is step towards even more independence for the employees; they no longer work in departments or sections in such a way, that one department prepares one part of the product, another section another part and the final product is assembled in yet anothed department. In its most sophisticated form Team Working aims at one team designing, planning and producing one product.

3. *Total Quality Management:* Total Quality Management is perhaps the most advanced form of delegative participation. It resembles Team Working, but includes both domestic and international marketing in the team's responsibilities. In real terms this most often signifies a pronounced responsibity for the team in

the success of both the product and its marketing; direct contact with the customers and the field of marketing is reserved for the executive and directive persons of the team. Independent problem-solving is encouraged among the team members at each level. Total Quality Management demands, of course, larger teams and certain amount of fragmentation in decision-making.

Are these methods brought out just to deal with the unions? The management may categorically deny this, of course, but the truth is that, whether voluntarily or involuntarily, the communication and involvement schemes make unions redundant to some degree. First, there is less need for the employees to take their grievances to the union when in a two-way communication system they can be directly conveyed to the management. Second, the communication and involvement systems decrease the employees willingness to 'have truck' with the union by increasing the sense of commitment and loyalty in the workforce. Some would probably claim that these strategies are but a method of subtle intimidation designed to keep the employees in the line and out of the union.

8.4 The Effect of Commitment and Involvement Strategies on British Trade Union Influence

8.4.1 Commitment strategies

First, D. Goss points out that "commitment is a complex phenomenon that operates in different directions and at different levels. It is not something which can easily be generated or sustained, neither does it necessarily lead to improved performance (Goss, 1994, 101)." Goss's basic presumption is that the management, in improving communication, is most of all trying to increase the effectiveness and productivity of the company, and I agree with this. After all, every benefit to be gained from improved communication is linked to economic success. Increased sense of commitment means lower absenteeism and turnover rates, which are usually the biggest personnel costs in every business organisation. At this point it should be noted, that when discussing commitment strategies, these are often perceived as nothing more than improved intra-firm communication.

In Hussey's and March's managerial survey in 1983 the following reasons for the introduction of communication schemes were predominant:

1) to involve employees in company,
2) to encourage a sense of responsibility,

3) to share managerial responsibility in company decision-making with the employees.

It is worth noting that the management did not give 'industrial relations purposes' as main reasons for communication schemes; although if the trade unions were asked the same question the answer could be quite different. In short, Hussey's and March's survey backs up the claim of the profit-seeking nature of the new communication methods.

What are these strategies' effects on trade union influence at the British workplace? British management is usually quick to deny accusations of these methods being aimed against the trade unions. The fact of the matter is, however, that new communication strategies automatically downplay union influence in certain aspects of the working life. This is not necessarily a premeditated outcome and the main purpose of these strategies; it can well be seen as a side effect. Firstly, because of the new communication methods the employees have less need to file their complaints about their work to union representatives; by using the established two-way communication channels they can relayed straight to the management. Secondly, especially the above-mentioned two-way communication schemes tend to decrease the employee propensity to feel affiliation to unions.

8.4.2 Involvement strategies

What, then, are the management's objectives for increased employee involvement? Marchington's (1992, 33) survey presents five most popular answers the management gave as their reasons:

1)	to increase efficiency	(44 % of responses),
2)	to improve customer service	(20 %),
3)	to get people to work harder	(18 %),
4)	to increase employee satisfaction	(15 %),
5)	to recognise employee contribution	(3 %).

So, all the reasons were connected to either increasing efficiency (1, 2 and 3) or loyalty (4 and 5). In my opinion, however, the willingness to increase workforce's loyalty is also an efficiency/productivity factor; after all, happy employee is a productive employee. As M. Marchington claims (1992, 33): "...one of the major objectives of EI (employee involvement) is to create more positive attitudes amongst employees as a forerunner to better performance." None of the reasons given are visibly anti-union.

H. Ramsay lists more possible objectives. Business awareness, increased job control, as an incentive or an attitude-shaper etc. He also presents objectives connected to trade unions (Ramsay, 1992, 210). These he divides into two

approaches: *anti-union* and *with union*. Anti-union objectives are apparent: to win the hearts and minds of employees from union influence, to fulfil rewards and benefits and representative needs outside union channel, to restrict the scope of union dealings and influence and ultimately, to keep union out of company. The 'with union' approach is a more interesting concept. Basically, the management's objectives would be to get union co-operation, draw on union advice, restrain union demands and finally, microcorporatism (winning over local union representatives to management views and detach them from national union).

As with the communication systems, the underlying concept in involving the employee more deeply into company affairs is, de facto, preferring individual arrangements over collective ones. This was the trend of the 1980s. Even if the management would want to work 'with union', the most basic objective is, in my opinion, that of having more control over the company's employees. The trade unions, being collective workers' organisations, are a natural impediment to this. So, in this sense I would claim that even if the management's motives would be purely to increase the individual employee's influence in the company, and if successful, even in this case the trade union influence would suffer. Since this is the 'optimal' management approach I feel safe enough to assert that while the management may have other, more pressing needs when they introduce an involvement scheme, the anti-union benefits are, at the least, an added bonus.

8.5 The Employees' Response to Commitment and Involvement Strategies

The employees' response to involvement/commitment strategies is far less enthusiastic than what might have initially been presumed. On the whole, employees are likely to view communication programmes in a favourable, or at least indifferent light. Townley claims (1994, 618) that when no communication schemes have been in practice the introduction of a new system is viewed with suspicion, but after initial scepticism they are often received favourably. However, she continues the argumentation by maintaining that employees are usually critical of the factual content of information; employee publications, for example, are often seen as lacking in material range. As for communication schemes being directed against trade unions, Townley (1994, 623) claims that "there is no direct evidence from the surveys to indicate that communication programmes are being introduced as a tactic in a strategy of 'union substitution', that is, in reducing employees' perceived needs for a union."

The employees' response to involvement strategies is fractionally more positive. Marchington's survey suggests that most of the 'ordinary' employees felt that were given enough information and that their influence was at a satisfactory level and had increased with the introduction of the employee involvement scheme

(Marchington, 1992, 37). Some forms of involvement were especially popular; in Marchington's survey (1992, 35) 623 employees of different companies were asked, after the introduction of team briefing system, whether they would like to continue the practice; 89 per cent replied 'yes.' Indeed, Marchington (1992, 37) suggest that "the questionnaire responses have demonstrated strong support for the continuation of EI schemes."

Also, the effect of communication and involvement strategies on worklace industrial relations can be construed as weaker than expected. H. Ramsay argues (1992, 234) that attempts to bypass or undermine established trade unions by means of EI schemes are likely to fail, and may even backfire and founder on union hostility" On the other hand, Marchington (1992, 40) notes that "[...in two other organisations...] the development of employee involvement had lessened the role of workplace trade unionism." Further, in the same survey, "union representatives often seemed to take a pragmatic, if slightly agnostic view of most EI techniques, regarding them as not of a major concern for them and largely peripheral to what they saw as the much more important process of collective bargaining." Thus, British trade union representatives at least do not seem to find these strategies as directed against the unions.

I, too, would like to point out that the management's main objectives in introducing involvement/commitment schemes are mostly economic. The management simply wants to increase productivity, product quality etc., in short, to increase the competitiveness of the firm. The more 'detailed' reasons given for the strategies introduced are numerous: increasing motivation, getting work 'hints' from the employees, attracting suitable recruits etc. But the bottomline, the main objective, is still the same; increased monetary gains. All the rest is just side benefits.

The involvement/commitment schemes are likely to have an effect on union influence at the workplace; at least, employees and certainly the trade unions may perceive them as a threat to collective bargaining. M. Marchington's study implies that this is not the case; that the union representatives are not overly concerned over these schemes. Also, the management generally does not see these schemes as strategies directed against the unions, but as a way to increase the company's monetary gain. I would like to argue that, while it is not the management's main objective, the introduction of involvement/commitment schemes is likely, to some extent, to undermine the general union influence in the workplace. This is mostly due to the increased communication between the employees and the management. In Britain, where the unions' influence is at its lowest since before the Second World War one could easily come to the conclusion, that these strategies are directly aimed at the unions, but the evidence does not support this. In fact, Marchington's survey hints at the possibility of exaggeration in seeing these strategies as a threat to the trade unions; at least the union representatives themselves do not seem overly concerned with them.

9 PROFIT-SHARING AND FRINGE BENEFITS IN BRITISH BUSINESS ORGANISATIONS

In this chapter I am going to examine the reasons behind the increasing popularity of profit sharing schemes and fringe benefits in British companies' payment systems. The reason why profit-sharing schemes are examined more closely is because they are, without question, the most popular form of the commitment and involvement strategies. They have grown in popularity during the last decade and the overwhelming majority of major British companies utilise them today. The reasons for this popularity are numerous, and there is also the question whether they indeed are used just to motivate the workforce and whether they are successful in that. Fringe benefits, also, have grown in popularity during the last decade and bear a resemblance to profit-sharing in that they, too, are performance related and often given in form of bonuses. In fact, it can be construed that they are either a form of profit-sharing or just another name for profit-sharing. In the following chapter I will try to look at these phenomenons from different angles and not only collect possible reasons for their popularity but try to examine whether they have had an positive effect on the workforce.

9.1 Background and Current Trends

At this point one must recall the concepts of fairness and effort mentioned above, and their relation to different payment systems. Obviously, the concept of fairness extends to other areas of work life as well; there is a traditional difference between 'white'-, and 'blue-collar' workers. L. and R. Price (1994, 527) assert, that the concept of 'fairness' has had an impact on why companies adopt different terms and conditions of employment "that have traditionally separated manual from non-manual or 'white-collar' workers." Indeed, the status divide has been especially durable in Britain; even though white-collar labour force might not necessarily earn more than the manual workers, their position is often more appealing because their pay has been supplemented by better provisions for sick pay, longer holidays, a shorter working week and a pension on retirement (L. Price & R. Price, 1994, 527). One important cause for the profit sharing systems is the endeavour of bridging this gap.

As with the concept of fairness, the concept of effort, too, extends to other areas of employment than wages; profit sharing schemes might also be aimed at synchronising the effort level of the labour force, both white-collar and blue-collar.

Also, employers and employees have different objectives in formulating payment systems. Employers and managers are more interested in having a competitive payment system that attracts suitable recruits. They are also concerned about how the rewards affect the quality and pace of work and how to best motivate workers. Further, an important factor in managements decisions concerning pay is cost-effectiveness; how profitable a certain payment system can be. The employees have different objectives. They are more interested in maximising their purchasing power and the composition of pay (the ratio of salary, fringe benefits, bonuses etc.). Further, the employees are concerned about the fairness and relativity of pay. They also may be questioning whether their pay is reasonable concerning the company's profits. (Torrington & Hall 1987, p. 488-492)

The recent developments in payment systems show a move away from traditional payment by results and times based systems to performance related pay and profit sharing schemes. Also, decentralisation is a current trend. Individualised negotiations over compensation are often preferred over collective agreements. As there has been a growth of share option and profit sharing schemes there has been an increasing number of other fringe benefits.

9.2 Usual Forms Of Profit Sharing

Brown and Walsh(1994, 350) define profit sharing as "a financial arrangement by which a firm establishes some predetermined formula for sharing a portion of its profits with employees." When examining profit sharing schemes a basic distinction has to be made between current and deferred plans. If a company's profit sharing scheme works under current plans, profits are paid directly to the employees in cash; whereas deferred plans transfer the profits accumulatively in a trust and are paid out after a specified time. The main types of profits sharing schemes are: cash (direct proportional bonus payments), stock (in form of company stock), approved deferred trust scheme (employees able to purchase company's stocks periodically via a trust), Save as You Earn (employees save money monthly during a period and are given options to buy shares with these savings) and discretionary share option schemes (similar to Save as You Earn but does not have to cover entire workforce).

Torrington and Hall (1991, 641) define fringe benefits as "features of payment other than wages and salary..." The nature of fringe benefits depends on several factors: size of the company (large company, large fringe benefits package), the position of employee (high status, more fringe benefits), company culture (a paternalistic company, many fringe benefits), industry/sector of the company (Sainsbury's - a grocery chain- staff has discounts on food products) etc. The actual form of fringe benefits can be categorised in several ways as well, from pension schemes to company cars and maternity leaves to sports facilities. The

key benefits are pensions. R. Armstrong and H. Murlis attest (1988, 279) that pensions are generally regarded as the most important employee benefit and that companies almost always aim to provide the best pension arrangements they can afford. Good pension settlements helps to company to attract and retain high quality staff and promote their loyalty to the firm.

9.3 Aims of the Profit-Sharing Schemes and Fringe Benefits

Profit sharing schemes are introduced by the management for several reasons. The basic premise is that by presenting profit sharing schemes to the company, the management wishes to increase the employees' motivation and loyalty to the company. Profit-sharing schemes are, after all, forms of commitment and involvement strategies. Other reasons include the desire for better communication and co-operation between the management and the employees and to attract and retain staff. Also, profit sharing schemes are tax efficient for both the company and the employees. They are supported by the British government , and three important acts have been legislated concerning them: the Acts of 1978, 1980 and 1984. These pieces of legislation first approved and encouraged profit sharing schemes and trusts and then, gradually, savings-related option schemes and approved share option schemes.

M. Armstrong and H. Murlis argue (1988, 255) that comparative studies show that companies with profit sharing schemes have generally proved to be more profitable than non-profit sharing companies; a study they quote (by W. Bell and C. Hanson in 1988) show that the average performance of the profit sharing companies over the time they were surveyed (8 years) was better than that of the non-profit sharing companies. On the other hand, they also assert (ibid, 255) that "the profit sharing companies were not better just because they had profit sharing; it was because they were good companies that they introduced profit sharing." Along the same lines, companies that introduce profit sharing because they feel its their moral responsibility to share their prosperity with employees are generally companies with an understanding of today's social climate and possibly are able to cope more efficiently with the changing society, and thus be more profitable. The main question is, is it morally mandatory for a company to share its prosperity with its employees, in addition to all the benefits already provided (ibid, p. 256)? If a company feels this way, then profit sharing is an obvious option.

The management has similar objectives when introducing fringe benefits. As stated before, fringe benefits come in numerous forms but there are universal reasons for their introduction. They are used as recruitment tools and morale and loyalty boosters. Armstrong and Murlis assert (1988, 257) that the major objectives for benefits policies are keeping the current entitlements in line with market practice so that the policy matches the business needs, and to control

costs. Furthermore, employees generally tend to require personal recognition and fringe benefits are an tax-effective way to accomplish this.

9.4 The Effect of Profit-Sharing Schemes to Industrial Relations

Have profit sharing schemes and other fringe benefits been a managerial success? *Industrial Participation Association* questioned 2,700 employees in 12 companies about their attitudes to profit sharing and came this conclusion: the survey suggests that profit sharing does significantly improve employee attitudes and views of the company (Armstrong & Murlis, 1988, 254). On the other hand, the answers show that the employees do not strongly believe in profit sharing schemes' 'loyalty-inducing' abilities nor do they believe that people will work harder because of it. Nonetheless, the majority of employees agree that profit sharing schemes are good for the company and the employees. Dunn, Richardson and Dewe, however, assert in their study (1991, 14) that they "could not discover no appreciable change in attitudes towards the firm among those who joined the [...profit sharing...] scheme." In fact, they argue that the employees who did not join the scheme developed more hostile attitudes towards the firm; although this alienation was in all likelihood due to other factors than the scheme. The conclusion of their study was that the scheme had no virtually no effect on employees attitudes (ibid, 1991, 14).

While I agree with the previous studies that the effect of profit sharing and other fringe benefits on employee attitudes is likely to be small, at the same time I assert that profit sharing schemes are more likely to increase employee motivation in a firm than to decrease it. The most 'basic' objective, besides it being cost-effective, in profit sharing is to increase employee motivation and it is, in my opinion, only common sense to except that people are, not perhaps more loyal to the company, but at the very least more interested in company affairs. This is likely to increase the employees' sense of commitment; they can become 'owners' instead of employees. As to why profit sharing schemes have grown so popular during the last decade, there are several answers. Favourable tax climate is certainly one of them; the 1984 Finance Act encouraged most of the major companies to benefit from it. Also, a company may introduce a profit sharing scheme because other companies have done this, and they have to keep up with the competition. S. Dunn, R. Richardson and P. Dewe (1991, 13) assert that profit sharing schemes' popularity was "one cause of such developments as the steep rise in corporate profits, the acceleration of output per worker in manufacturing industry, and the sharp decline in industrial stoppages." Other reasons include the effort of synchronising the traditionally different employee groups: white,- and blue-collar workers; in the framework of both the concepts of 'fairness' and 'effort'. Also, the on-going process of decentralisation has encouraged profit sharing schemes and fringe benefits; employers favour individual bargaining over collective agreements. Whatever the most decisive reason, the profit sharing

schemes and fringe benefits have, certainly, become a part of the competition in the labour market.

10 THE EFFECT OF THE 1980s TO BRITISH COLLECTIVE BARGAINING

The 1980s brought with it several changes to industrial relations in Britain. First, as already has become clear in this thesis, the trade union density dropped dramatically, from 53 per cent in 1980 to 41 per cent in 1989 (see APPENDIX 1). In real numbers this meant the loss of almost two million members for the trade unions (Salamon, 1992, 655). Second, the focus of collective bargaining shifted from national-level bargaining to company - or plant-level negotiations; a move from centralised bargaining to decentralised one. This undermined the collective power of the trade unions. Third, the public opinion of the trade unions dropped to an all-time low. This has largely been attributed to the media, its crucial role in reporting industrial events and its biased attitudes towards the trade unions. Salamon (1992, 25-27) is of the opinion that the media reporting on strikes, for example, has more often than not been incomplete and imbalanced; he claims that the media approaches to industrial relations have been sensation-seeking and they exert a perverse influence on the perception of industrial relations. Successful industrial relations are rarely reported, but disputes are, and usually in a very personalised manner (the reporters use phrases such as "militant" and "bid for power). Fourth, a mass of abortive anti-union legislation was put into effect. This is probably the most visible phenomenon, that downplayed the unions' power.

The possibly most crucial factor of the above-mentioned three, however, is the decline in trade union density. Fewer member mean lesser degree of influence when bargaining about the terms of employment. Also, the decline in union membership meant the most potent threat the unions could field, strikes, were more difficult to organise (see APPENDIX). Hyman (1994, 128) claims, that trade union power traditionally derives from the capacity to strike; ie. a trade union's capacity to realise its demands by using force. In the 1980s the trade unions lost their popular appeal and thus the propensity to join them decreased. As stated above, the media played a crucial role in this. Seaton (1991,256) goes as far as to claim that union-bashing is one the key components of the British media; all the shortcomings of the British economic system are usually laid at the door of the unions, which are regularly attacked for their alleged conservatism, selfishness and disregard for individual rights and liberties. The height of the public distrust of unions was in the late 1970s, when an ACAS (Advisory, Conciliation and Arbitration Service) poll showed that 82 per cent of all adults believed that the unions had too much power (Seaton, 1991, 256). This was a perfect lauching point for Margaret Thatcher to start her crusade against the unions, and indeed she managed to claim the popular support for herself and her governments.

Many researchers, Brown among them (1991, 276) believe, that the final blow to the British trade unionism was the year-long coal-miners' strike 1984-85. The

coal-miners have traditionally been the trend-setters in the British labour movement, and have had a great deal of influence over Britain's industrial relations. In the past they had been able to halt the country's production by stopping the coal production and drawing other powerful unions in solidarity strikes with them. The infamous Winter of Discontent in 1978-79 is a perfect example of powerful trade unions, led by the coal-miners, using industrial stoppages in order to gain their objectives. But in the 1980s the importance of coal in British economics was declining and the other unions were less eager to join forces with the miners. The strike of 1984-85 was poorly organised, vague in its objectives, and ineffective in its attempt to halt the energy production of Britain. Another powerful union, DWRGWU (Dock, Wharf, Riverside and General Workers' Union) joined the strike for two months in the summer of 1984 but even this did not prevent the final outcome. Another mistake the strike leader, Arthur Scargill, made, was to initiate a political strike instead of a strike that aimed at bringing about detailed change in the terms of employement; Scargill set out to wage war against the Conservative government on ideological basis (Harris, 1989, 160). This alienated the public and prevented any support they might have received from the average citizen if they had been less drastic. In the end the coal-miners were forced to resume working in the March of 1985. Indeed, they had not gained any of their political objectives and were further burdened with lay-offs and wage stoppages that were a direct result of the strike..

10.1 The Factors Behind The Changes

What, then, in actual terms caused these failures in the British trade unionism? The unions at the end of the 1980s had a great deal less members than a mere decade ago, the public opinion was firmly against them and new legislation, that further weakened their position, was passed on almost annual basis. The unions had lost their bargaining strength and even strikes did not seem to work. The first and foremost reason for this that springs to mind is the Conservative party's, led by Mrs. Thatcher, politics and general attitude towards the unions. But there are other reasons, not as visible but in some ways equally important.

10.1.1 Economic factors

The 1980s was not an era of continuous economic growth. When viewed from today's point of view, the decade in general can be seen as one of extraordinary monetary and economic success, but there have been two shorter periods of recession during the 1980s, one from 1980 to 1981 and one from 1985 to 1986. The more important one from these two is the period of 1980-81. In the beginning of 1980 the British economy faced an economic depression, mainly because of the

rising unemployment and the dramatic rise in the price of oil. In face of this crisis, Thatcher and her government executed a tight industrial reform program, which they believed would carry Britain over the period (Harris, 1989,105-106). Thatcher received severe criticism for her program, but she carried it out nevertheless and it was generally thought to have been a success. The recession, however, caused some alarm among the British workforce, mainly because of the unemployment figures that were higher than never before.

The general theory of economic recession/growth holds, that in times of recession the industries have less need for employees and thus the unemployment grows. In times of economic growth the need for employees increased. Basically, this theory can be applied to union density as well. High unemployment is a factor known to decrease the employees' propensity to join the trade unions. Salamon (1992, 90) claims, that "a rise in the general level of unemployment affects aggregate union membership to the extent that the unemployed relinquish their membership, those in employment reduce their propensity to organise through concern for their job security, and management becomes more resistant to union claims and even unionisation itself." In short, the unemployed do not organise themselves out of the fear of not getting a job, the employed do not organise themselves out of the fear of losing their jobs and the management is in a stronger position. As the unemployment in Britain stayed high for the better half of the decade, the union influence stayed low for that period as well. This enabled employers to 'fortify' themselves, with the aid of the anti-union legislation.

10.1.2 Changes in the structure of the labour market

The 1980s marked also the transformation of Britain's industrial structure. Hyman (1994, 109) claims, that all European economies have displayed parallel long-term historical shifts in the sectoral and occupational employment markets. For example, agricultural employment, which was the largest sector of employment in Europe well into the twentieth century, has been shrinking in relative and absolute terms for many decades. Also, after the Second World War, the manufacturing industry grew in importance in all industrial countries. Lately, the service sector has been the most important occupational employment market in Europe. Indeed, in most of Europe, services have become the largest single sector of employment (Hyman, 1994, 110).

The workers in the manufacturing industry have traditionally been the first to organise themselves into unions. Miners, steel workers, and other sectors of the manufacturing labour market have also had a stronger sense of collectivism and solidarity; they have been the front-line fighters of the whole labour movement. The service sector lacks the tradition, sense of collectivism and unity to form coherent organisations as adversaries to the employers' associations. In most of the European countries, the service sector does not have any organised form of

labour representatioan at all; the employees in services are not members of any trade union, simply because they do not have a trade union that would represent them and joining into other employment sectors' trade unions does not seem applicable to them (Chamberlain, 1980, 18-19). Also, the employees in the services often work in places of employment that do not have many employees. Small cafes and boutiques are not ideal breeding grounds for labour movement ideologies. In Britain, too, the decline in the traditional manual labour with its strong trade union basis has undermined the whole labour movement. Visser (1994, 92) claims, that approximately two-thirds of the decline in trade union density in Britain (8 per cent of the 12 percent decline) can be attributed to sectoral shifts in employment; a move of labour force from unionised industries to non-unionised industries.

10.1.3 Ideological shift

Another important phenomenon of the 1980s is the ideological shift in the employment markets, from collectivism to individualism. The eclipse of old trade unionism reflects, in the view of some analysts, a more general erosion of societal collectivism. Across Europe, in the post-war decades, mainstream politics of both right and left accepted many of the assumptions of the 'social state' as regulator of economic relations and provider of social benefits and protection. However, economic crisis has coincided with (and helped encourage) a transformation of the political agenda, with a new emphasis on market liberalism and individualism. A related cultural shift is the increased centrality of consumption rather than production in shaping personal identities and interests. (Hyman, 1994, 117). In short, during the 1980s the the individual interests (personal salaries, luxuries, cost of living) replaced, to great extent, those of more collective nature. Individual career expectations became more significant than collective political aims of the labour movement.

This new individualism very much affected the propensity to join the trade unions, and especially so in Britain, whose government's policies and economic situation in the 1980s actively encouraged this. Hyman (1994, 118) presumes, that this phenomenon presents serious problems for traditional trade union practice. He argues, that the new individualism affect, first, the readiness of employees to to become and remain trade union members; second, their expectations from trade unionism and third, the relationship between trade union attachment and other interests and identities both within and outside employment. The last factor also influences both loyalty and participation: members' 'willingness to act.' So, attitudinal shifts have influenced the trade unions' power to some extent. This influence has further been strengthened by the harsh economic climate and government policies in Britain. Hyman (1994, 117) claims, that although one cannot convingly speak of a 'farewell to solidarity', this phenomenon can be labeled as the 'embourgeoisement' of the working class.

10.1.4 Decentralisation of collective bargaining

Another process which affected the trade union influence in Britain was the process of decentralisation during the 1980s. The British collective bargaining system has traditionally been relatively highly centralised, with nation-wide negotiations and powerful roof organisations for both the employees (TUC) and employers (CBI). During the 1980s, when the labour movement was weakening, the employers grasped the opportunity and started to introduce plant- and/or company -level bargaining as the preferred arena. Several managements introduced arrangements that disaggregate the enterprise into quasi-independent business units, emphasise the separation of strategic from operating management, and decentralise responsibility of day-to-day operations (including the decisions concerning the terms of employment) to managers of the individual units (Edwards *et al*, 1992, 19). According to Edwards *et al* (1992, 20) the decentralisation has gone further in Britain than in other European country; in some respects the Britain's situation at the moment is closer to the situation in the USA.

Decentralisation, in practice, means several things. First, as the negotiations are moved from the national arena to company- or plant-level bargaining, the focus of the negotiations necessarily changes. In lower-level bargaining situations the trade unions lose their political impetus; the matters that are to be negotiated are usually short-term issues concerning that particular compary or plant instead of wide-range social and political issues. This, as such, does not necessarily demean the unions' power directly, but one of the results of bargaining at a lower level is a loss of solidarity and unity among the employees in different industries (or even companies and plants, as it were). Second, the age-old axiom of industrial relations is that the more centralised the negotiating unions are and the higher the arena of negotiations, the more influence they have. Today, when the British collective bargaining system is more decentralised than ever before, the unions are more separate from each other and thus cannot rely on the support of other unions in times of industrial disputes. A new labour ideology is born; and one might call it the 'each man to his own' -approach. With the decline of multi-employer collective bargaining and industry-wide negotiations, the national union organs lost their influence over the most important features in their members' employment contracts; the bargaining became workplace oriented and increasingly dependent upon the management of the employing enterprise for its procedural status and bargaining facilities.

10.1.5 Labour legislation

Last, but not least, in the line of factors that affected the trade union power in Britain is the labour legislation the Conservative government enacted during the 1980s. The government's objective with this legislation was to limit the 'excessive' power of unions, in particular by curtailing the use of strike, and to remove barriers to the free operation of labour markets (Edwards *et al*, 1992, 10). Brown

(1991, 275) claims, that when the Conservatives came to power in 1979 they were committed to 'striking a new balance' between the employers and the employees; in principle this meant strengthening the employers' position and weakening the unions. The Conservative government passed five Employment Acts between 1980 and 1990, a Trade Union Act in 1984 and a Wages Act in 1988. At first, these acts were "an unco-ordinated rag-bag of measures" but they steadily built into a coherent set of limitations to trade union activity (Brown, 1991:276). In practice, they also meant the end of the traditional policies of voluntarism, ie. state withdrawal from collective bargaining.

By the end of the decade the types of strike action available to unions had been substantially reduced and the procedural demands on strikers had been substantially increased. Most important were the provisions whereby both 'secondary' strikes (solidarity strike actions from other unions than the one who initiated the strike) and unballoted strikes (strikes, who had been decided not by a secret ballot concerning all members but rather initiated by the union's executive organs) were no longer immune from court action. The courts were able to place considerable financial reparations for the damages caused to the employer by the strike. (Brown, 1991, 276). Also, the legislation interfered with the internal government of trade unions; the unions were no longer allowed to take punitive action against members, who refused to join in official strikes and made unions financially responsible for the damages caused by an unofficial strike. As the power of the British unions has traditionally stemmed from these immunities, they were now left in a much weaker position. The new legislation also had immense effects to trade union influence by its, possibly inadvertent, influence on the rise of individualism and decentralised bargaining.

10.2. The Role of Thatcher

When Margaret Thatcher and her Conservative government rose to power in 1979, she had defined three major political and economic undertakings: first, to bring down drastically the rate of inflation, second, to curb the power of the trade unions, which had become 'a threat to democratic government and the freedom of the individual' and third, to denationalise the basic industries (Harris, 1989, 4). In fact, curbing the power of the unions was one of Thatcher's election slogans; she promised to 'put the unions in their place' (Harris, 1989, 68). A tougher line with the unions was conceived to be a potential vote-winner for the Conservative party. Thatcher succeeded in winning the public support for her anti-union policies. During the first half of the 1980s she managed to convert the trade union issue from one related to purely economic factors (such as inflation and rates of pay) to the deeper and more emotional issue of law and order (Harris, 1989, 74). Thatcher appealed to the middle and upper classes and succeeded in convincing

them that trade unionism was a concrete threat to the British society. On the other hand, the public support for trade unions had gone drastically down already even before Thatcher's crusade against them started; in the 1978 ACAS poll 82 per cent of the people asked thought that the trade unions held too much power (Lane, 1994, 173). So she was in a good starting position to begin with.

Thatcher managed to be able to rely on the public support for the better part of the decade, only in the late 1980s the 'silent majority' of British people seemed to lose interest in her. Thatcher was helped in this by two conflictial incidents during the early 1980s. First, the Falklands conflict rallied the whole of Britain behind her. Harris (1989, 125) argues, that Britain of the 1980s had become a nation who did not feel a 'national purpose' or a 'national will.' Restructuring the economic policies would not 'awaken' the nation, he claims, but a national humiliation would do it. This humiliation was provided by the Argentinians in 1982 when they invaded the Falkland islands. The Falklands War united the nation and rallied it behind Mrs. Thatcher, whose popularity soared during the conflict. The British forces soon recaptured the islands, with minimal casualties, and after this Thatcher's reputation was higher than it had ever been at any time since she came to office. This enabled her to act out her other policies with less resistance from the opposition and the public, and in some cases even with distinct support, or at least indifference, from the public, for a long period of time.

The coal-miners' strike of 1984-85 was another critical incident in the early 1980s. It worked to the Conservative governments best interests in almost every respect, however. The strike further alienated the public from the unions and directed them to support Thatcher's objectives. Thatcher herself was very pleased with the strike; she was sure from the beginning that the strikers would fail and as a result trade union movement would be 'put back into its proper place for the first time since the end of the Second World War' (Harris, 1989, 160). In fact, the Conservative government had began to plan for a successful confontration as early as in 1981; the government had raised the level of coal stocks in Britain just to combat the coal-miners in a prolonged industrial dispute (Harris, 1989, 169). So, Thatcher's personal ambition was to in fact set up a confrontation with the coal-miners, as she was sure she could beat them She was proven right. Arthur Scargill, the strike leader, made three crucial mistakes. First, as mentioned earlier, he initiated the strike with political, unclear objectives. The miners basically did not know, what exactly they were striking for. In one interview, Scargill claimed to the reporter that he '...believed, that in a class war you have to fight with the tools at your disposal ... we're in a class war, and we're out to defeat the government (Harris, 1989, 167).' The problem was, that the coal-miners refused to adopt the role he had cast upon them; often Scargill had great difficulties in persuading individual workers to strike. Second, he started the dispute at the beginning of the spring of 1984, when energy consumption was at its lowest and would continue to be so for the next six months. Also, Scargill was not aware of the secret government agenda to raise the quantity of coal stocks in Britain. The public did not suffer greatly because of the strike. Third, the amount of violence

during the strike rose to an unprecedented level, and this conclusively alienated the strikers from the general public.

The role of Thatcher in the decline in trade union power in Britain is obviously important. She was vehemently anti-union and determined to curb the unions' power. Also, she managed to transform herself into a figure-head for the middle and upper classes; everyone hated her but mostly accepted her economic policies. Her clarion call of individual freedom, open economic markets and a more competetive Britain won the hearts of those, who believed their individual economic progress was being hindered by the too powerful unions. Thacher attacked the trade unions strongly, and believed firmly, that if the industries that kept Britain going were to be rescued and returned to their previous level of effectiveness, the old style trade unionism would have to go. This argument turned even some members of the working class to her side; the worry for individual well-being replaced the solidarity and collectivity of the earlier decades. Another one of Thatcher's famous war cries for better economic performance , 'the right to manage', won over the hearts of employers. They saw in her the return of the 'rational' thinking in economics instead of the Keynesian welfare state economics. So, in short, Thatcher was a key factor in the decline of the British trade union power in the sense that she launched a direct attack against the unions, rallied behind her the general public, and triumphed. However, it is my belief that this decline would have occurred even withour her. Margaret Thatcher's role's significance can be argued; at the very least she accelerated the downfall of the unions and some academics believe she was solely responsible for it. In my opinion she was one factor among many; albeit an important one. Her most important decision was to abandon the traditional policy of voluntarism in the British industrial relations; her government actively set out to influence the collective bargaining in Britain.

11 CONCLUSION

The decline of the British trade union power is a result of many factors. The Conservative economic policies of the 1980s, devised mainly by Mrs. Thatcher and her government, are not the sole reason for the collapse of trade unionism. Other factors, including those that have been recognised as globally important changes in the structure of the whole world economics, play an important role in the changes in the British collective bargaining as well. One of the most important of these was the new, individual-based corporate ideologies and the communication and involvement strategies that went along with them. Thatcher often was, however, the key executor behind these changes in Britain. As the industrialised countries gradually shifted ideologically to more individual terms and conditions of employment, Thatcher was the voice of that individualism in Britain. Also, the process of decentralisation of collective bargaining was an issue that concerned whole Europe, not just Britain. In every European country some form of decentralisation took place in the 1980s. The structure of the occupational sector changed in every industrial country; the largely non-unionised service sector strengthened while the heavily unionised manufacturing sector has grew less important.

As stated previously in this study, the single most important political decision concerning the trade unionism in Britain Thatcher's government made, was the abandoning of voluntarism. For the first time in the 20th century, the British government made the state enter the industrial relations arena as an influential player, not just as an observer or an arbitrator. Collective bargaining, which previously had mainly consisted of only the employees' and employers' organisations, now had to accommodate a new, active and powerful, player. To the misfortune of the trade unions, this player was also profoundly set against them.

As Thatcher's role was crucial, his adversaries were in a weak bargaining position, too. The decline of union influence had already began; collectivism and solidarity were never strongly supported during the 1980s, not even among the workers. The few occasions in which the trade union movement tried to restore their influence were catastrophic failures. The coal-miners' strike in 1984-85 is good example of this; it not only failed in its vague objectives but further decreased the influence of the whole trade union movement and ideology. This incident, among others, also eliminated the public support the trade unions had earlier been, to some extent, able to field in times of dispute. Had the unions dealt with the crisis of the 1980s in a more calm and rational manner, they might have been able to soften the later blows to their influence.

Which brings me to this study's main argument. In my opinion the collapse of the British collective bargaining system and trade union influence was bound to

take place after the corporative period of the 1970s. The British trade union movement had been too powerful for too long, and the opposing employers and governments had been forced to give in too often. There was a strong sense of retaliation, from the employers, the state and even the general public, in the eve of the 1979 elections. The Conservatives, led by Mrs. Thatcher, won, abandoned the tradition of voluntarism and launched a crusade against the trade unions. At the first glance it would indeed seem that Thatcher alone could be held responsible for the demise of the trade unions in Britain. However, the examination of the other socio-economic phenomenons of the 1980s proves, that the trade union power would have corroded during that decade in any case. This was the case in all European countries; the 1980s brought with it the inevitable decline of collectivism, centralised bargaining and worker solidarity. In some countries this was not so visible or drastic, but in all of them it occurred to some degree. Also, the changes in the occupational structure unavoidably undermined the trade union power all over the industrialised world. The decline of union power in Britain, however, was by far the most pronounced in the Western World. In ten short years, from 1979 to 1989, the trade unions all but ceased to exist. The Conservative government of the 1980s attacked the trade unions more pronouncedly than any other European government. Its own legislative action against the union is obviously of great significance, but that alone cannot explain the changes in the British industrial relations. In my opinion Thatcher's government's importance stems from the presumption, that her actions initiated and magnified the effect of all the factors mentioned in this study. She acted as an anti-union catalyst, so to speak, and took every opportunity to downplay the unions. The economic changes of the 1980s were a part of the ever-going economic cycle, and they alone could not have eliminated the trade union influence in Britain to this great a degree. On the other hand, the legislative action of the Conservative governments in the 1980s cannot alone explain this either. So, in my opinion the the massive decline in British trade unions' influence is a result of them both, with Mrs. Thatcher as the focal point of these changes. The socio-economic processes of the 1980s, combined with the anti-union legislation in Britain during that time, with Margaret Thatcher as the head executor of these changes, proved too much of an adversary for the British trade unionism.

In light of this argument it seems that the commitment and involvement strategies of the British companies in the 1980s had little to do with the demise of the British trade unions. However, in my opinion they cannot be dismissed quite so easily. It is important to remember that while the political factions in the industrial relations arena are the most visible, subtle changes in management culture may have more profound effects on workplace relations. At this moment, one can clearly see the changes in the attitudes of both employees and the employers towards trade unions in Britain, and this change has not been favourable to the unions. As to what extent this is caused simply by the new communication strategies, it is difficult to tell. In my opinion this shift in ideology and corporate culture is a result of many factors, factors of which the commitment and involvement strategies do not, perhaps, play that significant a

role. In short, the main reasons for the declining trade union density in Britain during the 1980s were the economic rollercoast of the 1980s and the conservative policies of Mrs. Thatcher's government during that time. Nevertheless, other factors mentioned in this thesis play a role as well, but mainly as intensifiers to the change that was already occurring. Just as Mrs. Thatcher was the spearhead and intensifier of the factors dilluting union power, the factors themselves, including the use of the new commitment and involvement strategies, intensified the process of de-powering the unions once it had began. A socio-economic perpetual motion machine, so speak: the Conservative government intensified the effect of the anti-union socio-economic phenomena, while the phenomena themselves increased the the power of the Conservative government.

Today, the unionised labour movement and ideology are in worse condition in Britain than in any other European country, if not the whole industrialised world. Whether the future will show trade unions that have regained their former influence, depends largely on whether the future British governments will show less hostility towards them, do the socio-economic trends in the future again promote collectivism and centralised bargaining, and whether the unions themselves are able to transform ideologically and attract the interest of the workers. The corporate demands for increased employee commitment do not encourage development in this direction. In my opinion, the British trade unions will have to adjust their ideological commitment dramatically in order to attract more members; at this moment they are all but redundant.

APPENDIX 1

TRADE UNION NUMBER AND MEMBERSHIP

Year	Number of unions A Total	B TUC	(%)	C Working population (millions)	Trade union membership D Union membership (millions) (change p.a.)	E Union density (%)	F TUC	(%)
1968	586	155	(26)	23.7	10.2 (0.0)	43	8.9	(87)
1969	565	150	(27)	23.6	10.5 (+ 2.9)	44	9.4	(90)
1970	543	142	(26)	23.4	11.2 (+ 6.7)	48	10.0	(89)
1971	525	132	(25)	23.3	11.1 (− 0.9)	48	9.9	(89)
1972	507	126	(25)	23.1	11.4 (+ 2.7)	49	10.0	(88)
1973	519	109	(21)	23.4	11.5 (+ 0.9)	49	10.0	(87)
1974	507	111	(22)	23.6	11.8 (+ 2.6)	50	10.4	(88)
1975	470	113	(24)	23.9	12.0 (+ 1.7)	50	11.0	(92)
1976	473	115	(24)	24.0	12.4 (+ 3.3)	52	11.5	(93)
1977	481	112	(23)	24.3	12.9 (+ 4.0)	53	11.8	(91)
1978	462	112	(24)	24.3	13.1 (+ 1.6)	54	12.1	(92)
1979	453	109	(24)	24.3	13.3 (+ 1.5)	55	12.2	(92)
1980	438	106	(24)	24.2	12.9 (− 3.0)	53	11.6	(90)
1981	414	105	(25)	24.2	12.1 (− 6.2)	50	11.0	(91)
1982	408	102	(25)	24.3	11.6 (− 4.1)	48	10.5	(91)
1983	394	98	(25)	24.3	11.2 (− 2.6)	47	10.1	(89)
1984	375	91	(24)	24.6	11.0 (− 1.8)	45	9.9	(90)
1985	370	88	(24)	24.9	10.8 (− 1.8)	43	9.6	(89)
1986	335	87	(26)	25.0	10.5 (− 2.8)	42	9.2	(88)
1987	330	83	(25)	24.6	10.5 (0.0)	43	9.1	(87)
1988	315	78	(25)	24.8	10.4 (− 1.0)	42	8.7	(84)
1989	309	78	(25)	24.6	10.2 (− 1.9)	41	8.4	(82)

(Salamon, 1992)

APPENDIX 2

BRITAIN'S STRIKE FIGURES

Year	Number of stoppages	Number of workers (mill.)	Total (millions)	Working Days Lost			
				Per 1,000 working population	Per 1,000 trade unionists	Average per strike	Average per striker
1945	2,293	0.5	2.9	142	367	1,265	5.8
1946	2,205	0.5	2.2	107	250	998	4.4
1947	1,721	0.6	1.4	68	154	813	2.3
1948	1,759	0.4	1.9	92	204	1,080	4.7
1949	1,426	0.5	1.8	87	194	1,262	3.6
1950	1,339	0.3	1.4	66	151	1,046	4.7
1951	1,719	0.4	1.7	80	177	989	4.2
1952	1,717	0.4	1.8	85	188	1,050	4.5
1953	1,746	1.4	2.2	103	232	1,260	1.6
1954	1,989	0.4	2.5	115	260	1,257	6.3
1955	2,419	0.7	3.8	174	392	1,571	5.4
1956	2,648	0.5	2.1	95	214	793	4.2
1957	2,859	1.4	8.4	377	857	2,938	6.0
1958	2,629	0.5	3.5	157	365	1,331	7.0
1959	2,093	0.6	5.3	237	552	2,532	8.8
1960	2,832	0.8	3.1	136	316	1,095	3.9
1961	2,686	0.8	3.0	130	303	1,117	3.8
1962	2,449	4.4	5.8	248	580	2,368	1.3
1963	2,068	0.6	2.0	85	198	967	3.3
1964	2,524	0.9	2.0	84	196	792	2.2
1965	2,354	0.9	2.9	121	282	1,232	3.2
1966	1,937	0.5	2.4	100	233	1,239	4.8
1967	2,832	0.7	2.8	118	275	1,323	4.0
1968	2,378	2.3	4.7	198	461	1,976	2.0
1969	3,116	1.7	6.8	288	648	2,182	4.0
1970	3,906	1.8	10.9	466	973	2,791	6.1
1971	2,228	1.1	13.6	584	1,225	6,104	12.4
1972	2,497	1.7	23.9	1,035	2,096	9,571	14.1
1973	2,873	1.5	7.2	308	626	2,506	4.8
1974	2,922	1.6	14.8	627	1,254	5,065	9.2
1975	2,282	0.8	6.0	251	500	2,629	7.5
1976	2,016	0.7	3.3	137	266	1,637	4.7
1977	2,703	1.1	10.1	416	783	3,737	9.2
1978	2,471	1.0	9.4	387	718	3,804	9.4
1979	2,080	4.6	29.5	1,214	2,218	14,183	6.4
1980	1,330	0.8	11.2	463	868	8,421	14.0
1981	1,338	1.5	4.3	178	355	3,214	2.9
1982	1,528	2.1	5.3	218	457	3,469	2.5
1983	1,352	0.6	3.8	155	336	2,811	6.3
1984	1,221	1.5	27.1	1,102	2,464	22,195	18.1
1985	903	0.8	6.4	257	593	7,087	8.0
1986	1,074	0.7	1.9	76	181	1,769	2.7
1987	1,016	0.9	3.5	142	333	3,445	3.9
1988	781	0.8	3.7	149	356	4,738	4.6
1989	701	0.7	4.1	167	402	5,849	5.9
1990	630	0.3	1.9	77		3,016	6.3

(Edwards *et al*, 1992)

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