

**TOUCH
STONE**

PAMPHLET#8



The Road to Recovery

How effective unions can help rebuild the economy

Britain is slowly emerging from the most profound economic crisis since the 1930s. This Touchstone pamphlet argues that unions can be key players in helping Britain on the road to economic recovery, and argues that unions must prioritise building workplace organisation and extending collective bargaining coverage if they want this role to have impact. It demonstrates the value that effective unions can bring to long-term employment relations and to both employees and employers. It shows that effective unions can help minimise labour turnover, improve long-term employment relations and reduce the negative aspects of workplace innovation, and sets out the case for government and employers to rethink how they engage with unions.

Acknowledgements

This publication incorporates the findings of research undertaken for the TUC by Alex Bryson, a Senior Research Fellow at the National Institute of Economic and Social Research (NIESR) and Visiting Fellow at the Centre for Economic Performance (CEP), and John Forth, a Research Fellow at NIESR. It also incorporates original case study material prepared by David Tarren, formerly Research Fellow at the Working Lives Research Institute. The full research material is available at www.tuc.org.uk/roadtorecovery

The TUC Touchstone pamphlet *The Red-Tape Delusion: Why labour market deregulation won't solve the jobs crisis* takes a reality-based view of the relative merits of flexible and regulated labour markets. It examines the link between labour market flexibility and economic performance and asks whether the UK is over- or under-regulated, or has it about right. It looks at the arguments of those who are still calling for Britain to rein back its already limited system of regulation – and reviews an extensive evidence base to show why they are wrong.



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Foreword

by Brendan Barber, TUC General Secretary

Unions are the largest voluntary sector organisations in Britain today, with well over six million members in TUC-affiliated unions and 200,000 workplace activists. Day after day, in workplaces up and down the country, unions are working hard to ensure that people get a voice at work. Much of this work never makes the headlines or the credit it deserves, but the bread and butter work of unions – representing members in disciplinary and grievance cases, negotiating with employers, helping members access new skills and training opportunities, ensuring workplaces are fair and free from discrimination – makes an immeasurable difference to the lives of working people and their families.

This Touchstone pamphlet highlights some of these benefits to workers, but also identifies the broader economic and social benefits that effective unions bring to Britain's workplaces. These benefits include better long-term employment relations, reduced staff turnover and a positive impact on the effects of workplace change and innovation. It calls on employers and government to think hard about how to harness the positive benefits that unions can bring to the workplace and calls for a 'positively plural' approach to industrial relations, which recognises the value of genuine employee engagement and the positive role of collective bargaining. This doesn't mean that unions and employers will always agree. In real-life there are often tensions between the interests of unions and their members and the interests of the organisations that employ them. But approached in the right way, and with the active involvement of well-trained, confident union reps, unions are well-placed to help Britain's businesses to succeed.

The pamphlet also highlights the role that unions and collective bargaining can play in reducing inequality. As collective bargaining has declined over the last 30 years so wage and income inequality has risen. Increased inequality impacts on social mobility, and widens the gap between Britain's 'haves' and 'have-nots'. This pamphlet makes clear that if government is serious about reducing inequality, it needs to be serious about positively promoting the role of unions and of collective bargaining.

The credit crunch and ensuing economic downturn have demonstrated that the neo-liberal, 'free market knows best' consensus that has held sway for much of the last two decades is no longer credible. In its place unions have the opportunity to help forge a new consensus – one that recognises that unions are essential to establishing both fairness at work and fairness across society more generally. The message of this pamphlet is clear – better, stronger trade unions can help create a better, fairer, more successful society.

Executive summary

Britain is slowly emerging from the most profound economic crisis since the 1930s. This Touchstone pamphlet argues that unions can play a key role in helping Britain on the road to economic recovery, and argues that unions must prioritise building effective workplace organisation and extending collective bargaining coverage if they wish to realise this potential role. It demonstrates the value that effective unions can bring to long-term employment relations and to both employees and employers, and sets out the case for government and employers to rethink how they engage with unions.

The union effect

Unions exist to represent the interests and concerns of their members individually and collectively. However, this pamphlet summarises the wider potential benefits that unions can bring to workplaces and employers through, for example, efforts to extend employee access to learning and skills; to reduce labour turnover and absenteeism; to make workplaces – and society more broadly – fairer and more equal; and to improve employee engagement.

Effective unions and employment relations

What unions do in the workplaces matters: strong workplace unionism (high membership density, the presence of workplace lay representatives and high bargaining coverage) tends to translate into higher perceptions of union effectiveness on the part of employees.

Union recognition is associated with lower quit rates in both the private and the public sectors. Furthermore, the effect is greater where unions are more effective – that is, where they have higher union density and higher bargaining coverage.

Where unions are strong and effective, they are perceived by management to be more – not less – likely to be beneficial to employers in terms of their willingness to improve workplace performance.

Unions and innovation

In times of recession innovation can be vital to retain a competitive edge in tough market conditions. Although innovation can be good for firms, it may not be perceived by employees as being equally beneficial. Innovation-induced job shake-out may be met with some trepidation by employees, potentially leading to stress and anxiety. Unions and collective bargaining can help reduce the negative perceptions of innovation that may be held by employees.

The way forward

Unions have the potential to play a key role in driving Britain out of the recession. Whether or not they are able to fully realise that potential is dependent on a number of factors.

- Most importantly, unions must prioritise building effective workplace organisation. The evidence in this pamphlet is that effective unions are better equipped to represent their members and to make a contribution to long-term employment relations. In particular, unions need to invest more in the recruitment and development of workplace representatives. Workplace representatives are the single most important determinant as to whether or not members and potential members perceive the union as effective at a workplace level. In recent years the proportion of unionised workplaces with workplace representatives has fallen. The TUC and unions should launch a major campaign to increase the number of active workplace union representatives, and explore ways of better supporting reps and extending organisation through collective bargaining.
- Employer efforts to support effective unions in the workplace are important. In unionised workplaces, employers should invest in helping the union recruit and train representatives and extend union membership. Such investment could help build better long-term employment relations, reduce quit rates and secure employee support for workplace innovation.
- In 2009 the Department for Business, Innovation and Skills published a report by David MacLeod and Nita Clarke looking at employee engagement and its potential benefits for organisations and employees.¹ The MacLeod Review opened up an important debate about the value of employee engagement. However, the Review underplayed the actual and potential role of unions in securing effective employee engagement. Representing over a quarter of employees, and negotiating on behalf of more than a third of the workforce, it is essential that unions are placed at the heart of government efforts to implement the recommendations of the Review.
- Collective bargaining can bring benefits to both employees and employers. Government should play a more active role in promoting the role of unions and collective bargaining.
- More broadly, government and employers need a new understanding of the positive contribution that unions can make to Britain's workplaces and to economic prosperity.

Introduction

Britain is slowly emerging from the most profound economic crisis since the 1930s. Despite tentative signs of the 'green shoots' of recovery, thousands of workers still face the prospect of losing their jobs even as the economy is moving out of recession.

For those still in work, the recession has brought with it not just increased job insecurity, but a whole range of additional pressures. A recent report by the Chartered Institute for Personnel and Development (CIPD) found that over a third of employees were worried about being made redundant; half said they were "worried about the future"; 70 per cent reported that job cuts had hit staff morale; and just over half reported that following redundancies in their workplaces they felt under increased pressure to perform and "prove their worth".²

Pay has also been under pressure as a result of the downturn. While the median pay settlement level in 2009 was 2.3 per cent, up to a third of employers have frozen pay altogether.³ In the public sector, the Government has signalled its intention to freeze pay for higher graded staff, and more broadly to keep settlements in 2010 pegged to below one per cent. These continuing pressures on pay settlements will exacerbate a broader trend identified in recent research for the TUC, which found that each decade since the 1970s has seen wages taking a significantly smaller share of national income.⁴

While some employers have responded to these problems and pressures constructively – for example by engaging unions and employees at an early stage in discussions about changes to working practices – a significant minority have not. According to one consultancy: "Pay and promotion freezes, changes to pension schemes, cuts in recruitment and slashed training budgets, combined with poor communication, have eroded the bonds of trust between some employers and their employees." The same consultancy found that over a third of surveyed workers were demotivated as a result of the way their employer had handled changes to working practices and terms and conditions in the face of the recession.⁵

This Touchstone pamphlet argues that unions can play a key role in helping Britain on the road to economic recovery, and reversing the negative trends in income inequality. It argues that unions must prioritise building effective workplace organisation and extending collective bargaining if they wish to realise this potential role, and makes the case for unions, employers and government to consider ways of extending collective bargaining coverage. It demonstrates the value that effective

unions can bring to long-term employment relations and to both employees and employers, and sets out the case for government and employers to rethink how they engage with unions.

Recovery and beyond

To play this positive role, unions will need to reverse long-term declines in union membership and collective bargaining coverage. Union density and membership peaked in 1978 and 1979 respectively. In the following two decades to 1998, union membership fell every single year – from a high of 12.6 million to 7.1 million. Union density experienced a similar decline from a high of 56.1 per cent to 27 per cent.⁶ Since 1998 – due in part to improvements in the framework of employment legislation, including statutory trade union recognition – total union membership has remained broadly stable. In addition, the decline in density during this period has been ‘shallower’ than that experienced in the preceding two decades and has been predominately a function of a growing workforce rather than union decline. However, collective bargaining coverage has continued to fall. Today fewer than one in five private sector workers is covered by collective bargaining – across the economy only one in three workers is covered by a collective agreement.⁷

This ongoing decline in collective bargaining has had a negative impact on wage setting and income equality. Relative levels of income, wealth and social mobility for those on median incomes and those on higher incomes have diverged very considerably over the last 30 years. Under the Conservatives from 1979 to 1997, those on median incomes saw their salaries rise by 1.6 per cent each year, while those on higher incomes enjoyed rises of 2.1 per cent and the richest 1 per cent experienced increases of 3.9 per cent. Although this trend has weakened since 1997, wealthier groups have still seen their incomes grow considerably faster than those on low to middle incomes. Median earners have had a 1.9 per cent growth in their incomes each year since 1997, while those on higher incomes and the wealthiest 1 per cent have enjoyed 2.1 per cent and 3.2 per cent respectively.

Despite all these problems and pressures the UK economy will, in time, recover – though the pace and nature of this recovery is uncertain. The actions of government, employers and unions all have the potential to impact upon these factors.

The prospect of a ‘jobs light’ recovery has led some commentators to suggest that it will take many years for Britain to return to pre-recession levels of prosperity. But by building on its recent pro-active measures to stem youth unemployment – such as the Future Jobs Fund – government can help ensure the recovery is built on rising, high-quality, sustainable employment.

Likewise, employers and unions can work together to ensure that companies retain and expand their skills base during the downturn, so that they are better placed to respond to an upswing in economic fortunes. Unions are also uniquely placed to help reshape Britain’s public services – and to help make Britain’s workplaces more equal and greener as well as more productive.

The union effect

As the largest voluntary membership organisation in Britain, unions are uniquely placed to represent the concerns and interests of their members, and working people more generally. Unions represent over a quarter of Britain's workers directly, and negotiate terms and conditions on behalf of more than third of the workforce.

The potential benefits of union membership for individuals and groups of workers are well documented elsewhere and will not be repeated in this pamphlet. Instead, this section summarises some of the potential benefits that unions – and union representatives – bring to the workplace, and indeed UK society more broadly. In particular it highlights the work that unions are doing in key areas such as skills and the environment.

The benefits to individuals of union membership

Pay, terms and conditions: On average, union members receive higher pay, better sickness and pension benefits, more holiday and more flexible working hours than non-members. Union members earn more than 12.5 per cent more per hour than non-union members (with average hourly earnings of £13.07 for members and £11.62 for non-members).

Legal representation: Unfair dismissal awards won by trade unions are over three times higher than the average in a non-union backed unfair dismissal case. In 2007 unions won a record £330m in compensation for members through legal action. They also won £1m in equal pay claims – an average of £15,000 per member affected.

Access to training: Where there is a ULR present in a recognised workplace, employees are eight per cent more likely to report having received two–five days training annually. Where a workplace has ULRs, recognition and a representative structure that includes employee representatives, employees are 14.9 per cent more likely to report receiving training, and are 6.7 per cent more likely to report receiving 10 or more days training.

Source: TUC, *The Union Advantage*, October 2009

The positive value of unions and union representatives

“In today’s difficult economic climate, it is more important than ever that all resources available to the workplace are well deployed. Union representatives constitute a major resource: there are approximately 200,000 workers who act as lay union representatives. We believe that modern representatives have a lot to give their fellow employees and to the organisations that employ them.”

Foreword by Brendan Barber TUC General Secretary, Lord Mandelson, Secretary of State for Business, Innovation & Skills and Richard Lambert, CBI Director General, to *Reps in Action: How workplaces gain from modern union representation*, BERR, May 2009.

For many union members the existence and effectiveness of a local workplace representative are the key determinants of whether or not they think the union is effective in their workplace.

But union reps are a useful resource not only for unions: employers too, can and do benefit from their work. In a recent survey for the TUC and *Personnel Today*, over half of responding HR professionals agreed that unions were an “essential part of modern employer/employee relations” and that union officials approached meeting with managers in an “open, constructive manner”.⁸

The most comprehensive recent assessment of the contribution of union reps to workplace performance can be found in *Workplace Representatives: A review of their facilities and facility time*, a consultation document produced by the then Department of Business, Enterprise and Regulatory Reform (BERR, now BIS) in 2007. This consultation document outlined the net contribution that workplace representatives make to workplace performance and to the UK economy as a whole, and estimated that workplace reps were worth up to £1.13bn in direct benefits to the economy, and that their impact on productivity could be worth anywhere between £3.2bn and £10.2bn. These potential benefits far outweighed the costs associated with workplace representation (for example, facilities and facility time, and time off for training). In addition, the report estimated that workplace representatives made an unpaid contribution of around £115m a year to the UK economy.

The value of workplace reps to workplace performance and the economy

- Union learning reps are worth £94m–£156m in enhanced productivity to

The presence of workplace representatives result in:

- 13,000–25,000 fewer dismissals each year, creating a benefit of £107m–£213m for employers
- 17,000–34,000 fewer voluntary ‘exits’, worth £72m–£143m to employers

- 3,600–7,300 fewer Employment Tribunal cases, worth £22m–£43m to business and exchequer
- 8,000–13,000 fewer injuries, equivalent to 161,000–241,000 fewer working days lost. Benefits to society range from £136m to £371m
- 3,000–8,000 fewer cases of work-related illness, equivalent to 125,000–375,000 fewer working days lost. Benefits to society range from £45m to £207m

In addition, workplace representatives may be worth between £3.2bn and £10.2bn a year to the UK economy in terms of productivity gains.

Source: *Workplace Representatives: A review of their facilities and facility time*, BERR, January 2007

The TUC has published several reports highlighting the potential contribution that unions make to productivity and workplace performance.⁹ Table 1 below shows productivity levels for OECD countries ranked above the UK in 2007/2008. It is interesting to note that in six of the countries ranked above the UK in terms of productivity, union density is higher than in the UK, and only the US is ranked lower for collective bargaining coverage.

This calls into question the traditional assumption that collective bargaining and union membership have a negative impact on productivity – a finding reinforced by the BERR evidence quoted above. Four of the top six countries as ranked by productivity rank highly for collective bargaining coverage; similarly, four of the 'top six' rank highly for union membership.

Table 1: Productivity levels among OECD countries

Country	Productivity (rank)	Collective bargaining coverage (rank)	Union density (rank)
Luxembourg	1	8	4
Norway	2	6	2
Ireland	3	9	6
Belgium	4	2	3
Netherlands	5	5	8
France	6	3	11
United States	7	11	10
Germany	8	7	9
Sweden	9	4	1
Austria	10	1	5
United Kingdom	11	10	7

- Rank 1–6
- Rank 7–11

Source: Based on 2007 and 2008 figures, from European Industrial Relations Observatory (EIRO) and OECD statistical extracts

One reason why unions may make a positive contribution to workplace productivity is that they greatly reduce the time and resources expended by employers to resolve individual and collective workplace disputes. Table 2 below shows that, while the rate of grievances in unionised workplaces is slightly higher than that of those in non-unionised workplaces, the likelihood of issues being resolved quickly and at a local level (i.e. not at an employment tribunal) is much higher in unionised workplaces. In fact, the level of employment tribunal claims in unionised workplaces is less than half that of workplaces with no union 'voice'.

Table 2: The union effect on employment tribunal claims

	Any grievances	ET claims
	<i>per cent of workplaces</i>	<i>Claims per 1,000 employees</i>
Union voice only	45	1.3
Union and non-union voice	44	2.1
Non-union voice only	40	2.7
No voice	31	2.9
All workplaces	38	2.4

Base: all workplaces with 5+ employees Source: Dix et al using WERS¹⁰

Learning and skills

One area where unions and union representatives make an undoubted contribution to workplace performance and the economy more broadly is in helping workers to access training and develop new skills.

In 2008 over 230,000 union members were helped into learning. These programmes cover everything from supporting workers who want to develop literacy, numeracy and ICT skills to continuing professional development. Research commissioned by unionlearn shows that 73 per cent of union learning reps (ULRs) and half of managers reported that ULRs have had a positive impact on either employer-funded or non-employer-funded training.

Three out of the five managers responding stated that ULRs help to address employee skills gaps. Both ULRs and managers report that ULRs are more likely to have had a positive influence in increasing employee participation in training where ULRs are active, where managers value their activities, and where managers negotiate with union representatives when deciding training matters.¹¹

Research based on the WERS survey found that, where unions are recognised and negotiate over training, employees are 23.9 per cent more likely to report having received some training;¹² and, where there is a ULR present in a recognised workplace, employees are 8 per cent more likely to report having received 2–5 days' training. Where a workplace has ULRs, recognition and a representative structure that includes employee representatives, employees are 14.9 per cent more likely to report receiving training, and are 6.7 per cent more likely to report receiving 10 or more days' training.¹³

Green futures

Over the past four years, the TUC’s Green Workplaces projects have demonstrated the key role trade unions can play in building employee engagement in tackling climate change and energy issues at work. These projects have been developed together with leading national organisations, including Corus, United Utilities, Great Ormond Street Hospital, the British Museum, Defra and Argos (see the case study below), as well as hundreds of individual workplaces across the UK.

The TUC’s 2009 Green Workplaces survey, undertaken by the Labour Research Department, illustrates the breadth and complexity of environmental activities at work. Many if not all of these activities have multiple benefits: reducing the carbon footprint of individual workplaces; improving the health and well-being of staff, consumers and customers; reducing costs for the employers; and contributing to the Government’s broader commitments to reduce carbon emissions. The survey also found evidence of over 200 examples of joint management–union forums for discussing climate-related issues, and over 150 working parties on the environment/climate change focused on specific tasks.

Table 3: Green Workplaces 2009: Key findings

The top five activities on climate change	per cent
Energy efficiency	
Replacing VDU screens	30
Computer standby/switched off when not in use	22
Lighting controls	19
Cutting night-time and weekend electricity consumption	19
Electric machinery switched off when not in use	17
Transport	
Loans for cycling equipment	30
Secure cycle storage, lockers, showers	23
Subsidies for cycling equipment	19
Loans for public transport passes	18
Tele/video conferencing	18
Reduce, re-use, recycle	
Recycling paper/card	54
Recycling other items (metals, plastics, equipment, food)	32
Reduced waste to landfill	25
Purchasing recycled paper	22
Green purchasing (e.g. fair trade products)	22

Source: *Unions and climate change*, Labour Research Department, 2009.

The TUC believes that there is scope to positively extend the range of activity revealed in the 2009 Green Workplaces survey. For example, union environmental reps could help employers meet their commitments under the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment). The CRC will introduce mandatory emissions reductions for around 5,000 of the largest commercial and

public sector organisations from April 2010. Each organisation will have limits on its emissions, and CO₂ allowances will be sold at a fixed price during the introductory phase, with organisations that perform well rewarded financially.

Directly involving major, often unionised, employers in the public and private service sector – including supermarkets, hotel chains, universities, water companies, NHS bodies, local authorities, government departments and education institutions, with 20,000 employers and subsidiaries affected in some way – the CRC will cover organisations whose 2008 half-hourly metered electricity use was above 6,000 MWh or whose annual electricity bill is £500,000. Clearly, the TUC believes that the lessons of the TUC's Green Workplaces projects, and evidence from this research, demonstrate that union environmental reps and joint environment committees will have much to offer this key initiative. The Argos case study set out below illustrates the positive contribution that unions can make in this area.

Case study: Unite and Argos – Recycling initiative at the Bridgwater Depot

Introduction

The Argos Regional Distribution Centre (RDC) at Bridgwater, Somerset is one of five RDCs around the country and services 125 Argos retail stores. During the peak weeks around the Christmas period it can employ 300 people, including agency staff, who 'pick' (select goods and send them to the Argos stores) over half a million items a week for delivery. During peak times the RDC operates 7 days a week, 24 hours a day.

Although Argos recognises other trade unions, Unite the Union is the only one present at the RDC in Bridgwater and union membership stands at 98 per cent of the workforce. Unite has three union learning representatives and seven shop stewards, all of whom are also health and safety reps, covering three shifts, with one taking a particular interest in environmental issues.

The union and Argos negotiate nationally over terms and conditions, but locally have had a difficult relationship over the last few years. On one occasion the company's directors came to Bridgwater and instructed the union and employer to work together. A local steward recalls:

Every time there was a conflict between us, as shop stewards, and the managers here, they'd call in our Regional Area Organiser. Which was bizarre, because it was us who usually call them in.

At this point the union and the employer jointly agreed to invite ACAS to intervene. ACAS ran a workshop called Working Together, which, according to the union representative interviewed, seemed to improve the working environment for a period of time. However, the relationship suffered further damage as a result of industrial action taken in 2008 over pay and the parties were about to embark on a further initiative to strengthen it again.

The issue

The Argos depot at Bridgwater receives goods from across the globe. During peak times, such as Christmas, the depot can be picking about 500,000 items a week. In dispatching these goods, the RDC receives 6,000 pallets a week, containing products such as shrink-wrap, tissue paper and polystyrene chips and sheets. Conscious of the amount of waste produced, both the company and Unite wanted to reduce waste and its impact upon the environment.

The initiative

In January 2004, the company's former General Manager felt that it was necessary for the company to work towards ISO14001. This is an environmental management system for regulating the impact of an organisation's activities on the environment to a defined standard. In order to achieve this standard, the company must be able to demonstrate, through an audit, how it meets objectives designed to reduce waste. To fulfil these objectives the company must evidence every piece of waste that leaves the warehouse, detailing how much there is and where it is going. The RDC also takes in waste from the stores and wants to improve its performance in this area. Argos Bridgwater was awarded ISO14001 in 2005, meeting seven of its eight objectives. The company set a number of targets:

- to recycle 100 per cent of its cardboard and shrink-wrap
- to reduce fuel consumption on all deliveries
- to reduce electricity consumption
- to reduce the use of hard plastics, such as cups.

The Manager at the Bridgwater depot responsible for environmental awareness on the site reported that "the company always seeks to involve the union early on in any discussions or changes" and one of the first things the company did was to establish a Working Party, which has two seats for union representatives and meets once a month to monitor developments and the ISO process. The Working Party members were all given specific roles within the initiative.

One of the union stewards had a personal commitment to environmental issues and had been keen for some time to tackle issues such as waste. In fact he had written to the company 17 years previously, suggesting it take a greater interest in the environmental implications of its business. He says: "They always keep us [the Working Party union reps] involved and informed about what is going on." Training is central to the recycling initiative and has to be documented. This is undertaken in groups of 20 workers by the union representative, who sits on the Working Group and who is also a staff trainer. He has also produced training manuals for workers on the ISO procedures and on the importance of environmental issues, and his knowledge of health and safety issues allows him to ensure these matters are included on any training he provides to the workforce. He reports that there are health and safety implications arising from recycling and a number of workers are killed or injured every year through using machinery brought in to support such initiatives. This is something the union is keen to avoid and is therefore working hard to ensure proper training is given to its members who operate this machinery.

To achieve ISO status Argos has been required to make a large financial investment: consultants were brought in to brief the company, there were audit fees, staff training, new equipment, new waste bins, the provision of a new recycling area and new diesel tanks. The company anticipates that in the long term the initiative should pay for itself and much of the cost can be recovered through selling recycled waste.

It took Argos 10 months to achieve the ISO14001 standard. The time and resources required to maintain the standard is significant. Once a company gains the award it is audited for one day every year and in the third year it is audited over two days, and the cycle continues. The company was recently audited over two days and was found to have improved its performance.

As well as reducing its own waste, Argos is trying to reduce the amount of packaging it receives from its international suppliers; the company centrally feeds information on this back to its suppliers and, according to the company, there has been a major improvement and a substantial reduction in the amount of packaging.

Trade union involvement within the Working Party has been essential for the success of the initiative. The two union representatives on the Working Party have raised the profile and the importance of recycling and have improved employee engagement. A Unite steward, one of the main drivers behind the initiative, was given the task of briefing all employees at the depot. The union proposed that the additional income generated as a result of savings from the scheme should be distributed among the staff. This was discussed by the Working Party but dismissed by the employer representatives on the grounds of the costs of the initiative, the fluctuating market value of recyclable waste and the fact that the local depot must remain competitive and maximise income.

Conclusion

Interestingly, some of the environmental issues mentioned in this case study had originally been raised by a Unite the Union shop steward some years previously, but these suggestions were not taken up at that time by the employer. However, and perhaps as a sign of wider change, the company now takes a pride in its pioneering work in this area and Unite and Argos have worked jointly to achieve ISO14001 for the company at its distribution depot in Bridgwater. The initiative made Argos a finalist in the Recycling Awards in 2009.

The success of this initiative has been through a combination of both employer willingness to engage with the union and union interest, particularly the engagement of one particular activist. The employer and union have isolated this initiative from other discussions they have at local level to avoid conflict and this approach has paid off, as the comments from one Unite steward illustrate: "We tend to be working in partnership now."

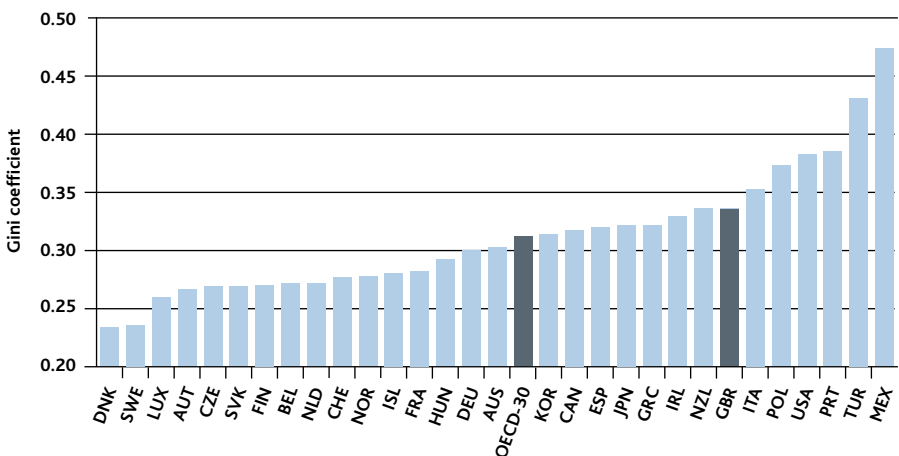
The union has played an important role in raising awareness of the recycling initiative, and also wider environmental issues among Argos workers. According to a Unite steward, the initiative has increased knowledge of the importance of recycling outside of the workplace and has changed behaviour as more members now recycle at home. More broadly, the Bridgwater initiative has proved so successful that other Argos stores and RDCs are set to follow, and it is also having a positive impact on the packaging habits of suppliers.

Sword of justice

Earlier we noted that there is no negative correlation between collective bargaining, union density and productivity. The TUC has argued that collective bargaining not only contributes toward improved productivity, but is also a vital tool for reducing inequality.

As noted earlier, income inequality in the UK widened during the two decades from 1979, due in part to the decline of collective bargaining and union density. This correlation between collective bargaining and income inequality appears to be borne out by international comparators. Figure 1 below shows that 23 OECD countries have lower income equality (as measured by the gini co-efficient) than the UK. Of these, 19 have higher levels of collective bargaining coverage. Only Korea, Japan, Canada and New Zealand have lower collective bargaining coverage than the UK among the 23 OECD countries with lower income inequality.

Figure 1: Gini coefficients of income inequality in OECD countries, mid-2000s



Source: *Growing Unequal? Income distribution and poverty in OECD countries*, OECD, 2008

This macro-level 'sword of justice effect' associated with unions and collective bargaining is replicated at a workplace level. As David Metcalf has noted:

Union recognition is associated with a much greater likelihood of the workplace having some form of equal opportunity policy and an array of family friendly policies designed to encourage female employment. These practices include parental leave, working from home, term only contracts, the possibility of switching from full- to part-time employment and job shares.

Women in unionized workplaces are much better off in terms of career opportunities, flexible work arrangements and general support for family responsibilities than their counterparts in non-union workplaces.¹⁴

The BT case study below provides a practical example of the work unions do to help workers achieve a better work/life balance.

Case study: Connect and BT – Achieving the Balance

Introduction

BT, the world's oldest communications company, operates in over 170 countries, employs 107,000 people (92,000 in the UK) and is one of the world's leading providers of communications solutions and services. Privatised in 1984, the company has undergone a number of reorganisations and is now also a world leading internet provider. Women make up nearly a quarter (24 per cent) of the company's workforce.

Connect (now part of Prospect), the union for professionals in communications, represents 13,000 BT employees (largely managers) across the UK. Within this group, union membership density is between 50 and 60 per cent, a relatively high figure for this occupational group. Connect has over 100 (mainly part-time) workplace representatives within BT.

The issue

Connect records that a decade ago an increasing number of women entered the male-dominated organisation, including in technical areas. However, more recently women have become concentrated in lower-skilled occupations, often in call centres. At the same time, Connect found that a higher proportion of men employed by BT had children compared to female employees and it appeared that women perceived combining a career with BT with caring for children as incompatible and that they could not do both. In fact, the Assistant General Secretary suggested that the work culture at BT and the long hours that female managers worked meant they did not have time for a serious relationship outside of work. Those women with children preferred to work part-time and reduce their hours, but this was during a period when the employer wanted to increase hours worked, not reduce them.

Work-life balance became a major issue for the union in the 1990s; in fact Connect was the first UK trade union to negotiate a teleworking agreement – in 1992 with BT. This agreement established the practice of employees working from home using equipment provided by the employer. By the middle of that decade more women were entering BT's workforce in professional occupations and so the union began producing guidance and then eventually a toolkit for reps designed to support them in negotiating flexible working for carers and workers with children. Connect began discussions with BT over its working practices as members had expressed concern about stress, working hours, flexibility and support for carers. In response, in 1998 the union initiated a campaign to highlight the legal rights of individuals at work to request flexible working and, according to the union, a senior BT manager was inspired by the campaign and encouraged the company to reproduce the union's literature for all its employees.

The initiative

Achieving the Balance, the flexible working package BT offers to all its employees, was negotiated in 2005 and provides a range of atypical working arrangements. The agreement is divided into four sections: Flexible Working, Lifestyle Friendly, Careers and Well-Being. Flexible Working includes alternative attendance patterns (combining longer and shorter working days), home working, part-time working and job sharing. The Lifestyle Friendly section highlights the company's maternity and paternity provision, adoptive and parental leave, while the Well-Being section focuses on occupational health and the wider mental and physical health of BT employees.

Under the agreement, when an individual employee decides that they would like to take advantage of the flexible 'package', they first contact their line manager to discuss the issue. BT People's Networks Manager reports that the manager will examine all possibilities before responding to the employee's request, but that the company takes a positive approach. In the event of a negative response, the employee can pursue their claim, supported by their union rep, through the management structure. The Assistant Secretary for Connect responsible for BT pointed out that it is "often in the male dominated areas where there is resistance or where a member requests something for the first time". Currently almost 70 per cent of BT employees work flexibly, suggesting that BT looks favourably on the majority of these requests. For example, the union had recently had a request from a member who wanted to work term-time only and the union thinks the company will be in a position to agree to this request.

For the company's People's Networks Manager flexible working reflects BT's service provision:

We as a company cannot possibly try to sell products that enable flexibility at work in terms of teleworking and then not offer that same service to our employees. We have to practice what we preach.

The company says that performance is based on outputs and, if it can achieve the same outputs for less money, then flexible arrangements must be considered. Outputs are measured against targets and managers are monitored to ensure they meet these targets. The benefits of flexible working for employees are obvious, but there are also benefits to the organisation in terms of cost. BT's own research suggests that it can save over £15,000 a year by allowing employees in London to work from home and that employees working from home will often show more commitment to their work. As BT People's Networks Manager reports, if people are saving a couple of hours travelling to work each day, then they tend to contribute at least some of this time to their working day. This approach additionally reduces the stress on workers.

Conclusion

The success of the initiative reflects the proactive approach of Connect to equality of opportunity and the importance of monitoring occupational segregation in the company. Yet there was also a genuine commitment from management:

There's a lot of people in the equalities and diversity group [within BT] who are really committed to driving this agenda forward. I mean, they are really very personally committed.

It remains to be seen if this groundbreaking agreement can increase the proportion of women and carers among the company's technical and professional employees and senior management in the long term. However, the agreement does demonstrate that, despite having a difficult relationship over pay and pensions, trade unions and management at BT were able to work together for a positive outcome on the issue of work-life balance, not only for Connect members but also for the entire workforce. In this case the offer of flexible working is crucial to delivering the company's commitment to equality in the workforce, providing concrete ways for employees to combine work with caring responsibilities, while supporting its own productivity.

Case study: BFAWU, GMB, Unite, USDAW and United Biscuits – Protecting final salary pensions

Introduction

United Biscuits is the UK's leading biscuit manufacturer, with brands such as McVitie's, Go Ahead and Jacob's. It has 15 manufacturing sites, 11 of which are in the UK, and employs over 9,000 people, of whom over 7,500 work in the UK. In 2006 the manufacturer was acquired by the private equity firm Blackstone.

United Biscuits has a history of developing employee engagement and recognises four trade unions (BFAWU, GMB, Unite and USDAW). There is an established joint negotiating body (the Joint Consultative Committee) through which all negotiations and discussions between the parties take place. In addition to this, all National Officers from the trade unions regularly meet to discuss issues affecting the business. All unions are well represented, with Unite predominant in terms of membership, and their combined workplace representatives are considered by their unions as experienced and very capable.

Of the 11 manufacturing sites in the UK, national-level collective bargaining covers four McVitie's sites and there is local bargaining at the remaining seven. A local USDAW workplace representative says that it is harder to deal with the company since its acquisition by the private equity group Blackstone, since managers have very little discretion at the local level. For example:

Employees used to get things like family-friendly working, extending the child's age at which you could take parental leave, reducing the amount of notice that you had to give. We used to get a lot of policies through because we had local bargaining; now we have no chance. We are told that it is not UB policy.

The issue

For the past six or seven years, like many other businesses, United Biscuits has been facing serious financial difficulties in funding its pension scheme.

In 2005 the company gave notice that it was unable to offer a final salary scheme to new starters. Initially the unions discussed the possibility of action to prevent this proposed change. However, given the seriousness of the existing scheme's finances and following discussions between their memberships, the unions considered that action to defend the status quo would have been unlikely to succeed. In fact so serious was the financial crisis at the company that 12 months later the employer again sought to alter the final salary scheme. However, where previously the unions had seen the logic and necessity of the company's proposals, this time they were unable to understand how things had deteriorated further, so quickly, and this resulted in hostility and opposition to the company's proposals.

The initiative

In May 2007 the company gave the unions notice of its intention to reduce the level of benefits for the existing workforce's pension scheme. The timetable proposed by the company meant that it was offering three months' notice; however, this was extended to seven months after the unions made it clear that three months was an insufficient period of consultation.

One difficulty faced by the unions was that the company initially refused to discuss its proposed pension changes with them, stating that the company's national Pension Consultative Committee (PCC) was the place for these discussions. However, the unions opposed this since the PCC was a forum for information and consultation, not negotiations, and as such it

was felt that it had no teeth. The unions eventually managed to convince the employer to negotiate with them directly. In this they had the support of not only their members but also the wider workforce, precisely because the company's proposals affected so many of them – part-timers, packers, area managers and factory general managers. Sections of the workforce, often not perceived as traditional union sympathisers, were counting on the unions to resolve the issue.

The contributions workers had paid into the scheme at that point were protected; however, a large proportion of those potentially affected had been with the company for most of their working lives, were middle-aged and were beginning to make plans for their retirement, based upon the existing scheme. So, although the benefits accrued up to this point were protected, workers in their forties and fifties were nevertheless anxious that any subsequent changes to the scheme could have a significant impact on their incomes on retirement. Consequently there was initial anger among workers, followed by long and intense debates and discussions about the severity of the company's financial difficulties and the possible remedies open to the different unions' memberships. The members realised that they had to act collectively in order to prevent individual sections of the workforce making agreements with the employer and thereby undermining the entire process, allowing the employer to drive down the overall level of pension provision.

However, one factor mitigated against industrial action; the unions could ballot only those workers affected by the changes – that is, the pension scheme members. The unions had only limited information about who was in the scheme and who was not. After making investigations, the unions concluded that only half of the workforce were members of the pension scheme. This presented the unions with two problems: first, the unions could ballot only half the workforce, with a potentially reduced mandate for industrial action; second, the unions knew they would be open to a legal challenge if they balloted an employee not covered by the scheme, which was possible given their lack of information on pension scheme membership. Thus, despite the anger felt by many workers, union members began to turn their minds to achieving the best negotiated settlement they possibly could.

In order to secure maximum leverage the unions realised early on that they needed to act collectively. They established a National Pensions Consultative Group (NPCG), which union representatives, elected from all 11 sites and from all unions, attended. This was a strategic choice and gave the unions a co-ordinated strength not available to them during the earlier set of negotiations. Pressure from this group enabled the unions to push back the employer demands for a serious weakening of the existing scheme and in the end significantly improved upon the terms proposed by the employer in May. The union managed, through this body, to ensure there was regular and ongoing dialogue with the company.

The USDAW local representative considered the national union's expertise as essential throughout the entire process. The union's pension experts were called in to offer advice to the negotiators and were able to suggest alternatives to the employer's proposals, via the NPCG. The employer and the NPCG discussed these alternatives, and through negotiation agreement was finally reached on a Career Average scheme that, while not as good as the previous pension provision, was an improvement on the employer's original proposals. The final agreement reached between the company and the unions was a commitment from the company to continue to offer a defined benefits scheme rather than introduce a defined contribution scheme. Trade union representation allowed individual workers the opportunity to offer a coherent and co-ordinated collective negotiating position and protected them from further reductions to the scheme finally agreed.

Conclusion

United Biscuits, like many firms, experienced difficulties in maintaining the funding for their final salary pension scheme. Following their initial anger and disbelief, the workforce – the majority members of one of four trade unions – decided to act collectively to protect their scheme. Industrial action proved difficult, if not impossible, since it was liable to be challenged legally, while the potential for achieving a strong mandate for action was limited. Union involvement meant that the employer's original timetable for change was extended – allowing time for negotiation and the development of alternative proposals. A further key factor was the expertise and support of the national unions and their pensions advisers, who were able to offer alternative solutions.

While the employer, for its part, was in the main committed to maintaining a decent pension scheme, the key to the ability of the workforce to maintain a defined benefits pension scheme was undoubtedly the strength derived from acting together and across all unions. Further, the unions acted for all those workers affected, not just its members. Well-trained and experienced local workplace reps ensured that the interests of the workers affected by this dispute were foremost in the negotiations. As an USDAW representative involved in the negotiations put it, "if we hadn't been a united front they could well have picked us off".

Effective unions and employment relations

As voluntary membership organisations, trade unions seek to represent the interests of their members through collective bargaining to improve their terms and conditions of employment and as advocates of members' interests in grievances and other matters. While union representation can be perceived as increasing the potential for conflict at the workplace, it does not necessarily entail poorer employment relations at the workplace. Indeed, unions can provide solutions to workplace problems that may be left unresolved in their absence.

Union organisation may benefit employees and employers by improving information flows, offering workers 'voice', tackling problems in the workplace, and promoting more efficient management. This so-called 'voice' function of unions has the potential to bring about better (that is, more stable, more constructive) employment relationships.

Recent work undertaken by Alex Bryson and John Forth on behalf of the TUC sheds further light on the impact of unions on employment relations. Using data from the most recent Workplace Employment Relations Survey (WERS), conducted in 2004, their work, summarised below, investigates how workplace union organisation varies in its effectiveness; and then assesses the impact that effective unions have on the quality of workplace employment relations.

Effective union organisation

In the private sector, strong workplace unionism (high membership density, the presence of onsite lay representatives and high bargaining coverage) tend to translate into higher perceptions of union effectiveness on the part of employees.

What makes an effective union? First, unions, as membership organisations, must be responsive to their members' interests. This requires that they take note of the problems their members experience at work. Second, in order to be able to represent their members' interests, they must have the opportunity to influence managers at the workplace. This requires that they are viewed by managers as being able to play a legitimate agency role on behalf of their members. Third, in order to be considered

effective, unions must be perceived as having the ability to bring about change in the workplace. Existing studies show that union members are more satisfied with representation by their union, and non-members desire for unionisation is higher, when unions are perceived to be effective along these lines.¹⁵

Using WERS, Bryson and Forth measured the effectiveness of workplace union representation along each of the three dimensions noted above through the use of ratings provided by employees at the workplace:

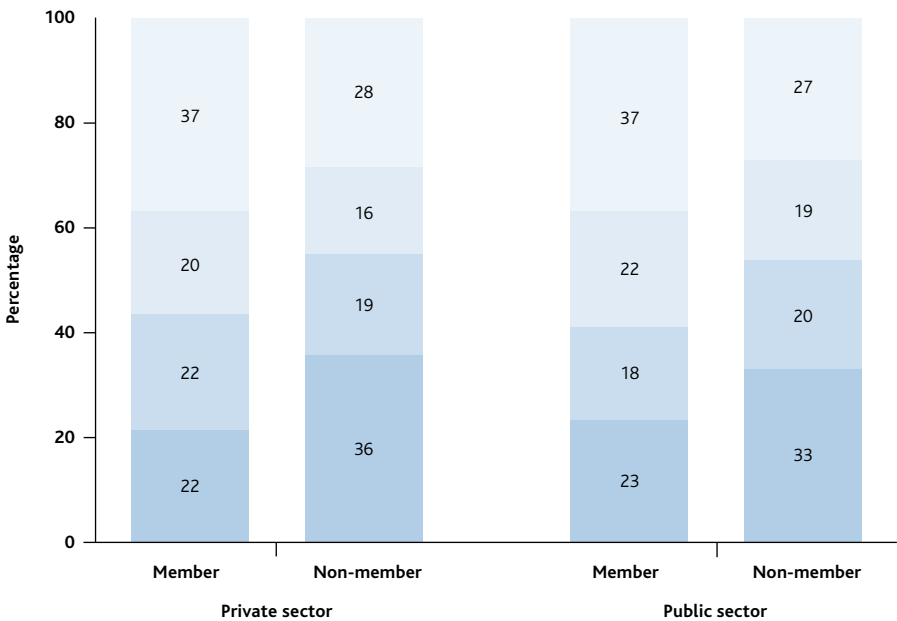
Dimensions of union effectiveness

Responsiveness to members: employees are asked how strongly they agree that unions at their workplace “take notice of members’ problems and complaints”.

Opportunity to influence: employees are asked how strongly they agree that unions at their workplace are “taken seriously by management”.

Using the dimensions, above Bryson and Forth then constructed a summary measure of union effectiveness by summing the number of times an employee agreed with each of the statements above (minimum score 0; maximum score 3). The resulting ‘Index of Union Effectiveness’ is shown in Figure 2.

Figure 2: Index of union effectiveness, by union membership and sector



Base: all employees in workplaces with five or more employees and where employee reports unions to be present.

Source: WERS 2004

- Three
- Two
- Median
- Zero

Regression analyses were then conducted in order to identify the features of workplace union organisation that are positively (or negatively) associated with employees' perceptions of union effectiveness, after controlling for other possible influences. The objective was to identify those features of workplace union organisation (e.g. high membership density or the presence of workplace representatives) that enable unions to be more responsive and influential within the workplace. Tables 4 to 7 present the results of the analysis.

Table 4 below identifies those features of workplace union organisation that are associated with employees' perceptions that unions take notice of members' problems and complaints. The analysis shows that union members give higher ratings than non-members even after controlling for other factors. However, the most striking feature of Table 4 is the importance attached to workplace lay union representation. In the private sector, union members are more likely to agree that unions at their workplace take notice of members' problems and complaints when recognised unions have at least one part-time lay union representative on site. The presence of a full-time lay representative, though not common in the private sector, also raises the likelihood that non-members will rate the workplace union positively on this aspect of union effectiveness.

To quantify the scale of the effects, in the private sector the presence of a part-time workplace union representative raises the probability that a member will 'strongly agree' that the union takes notice of members' problems and complaints by 5.4 percentage points when compared with a situation in which recognised unions have no workplace reps. Accordingly, if a recognised union in the private sector obtained a part-time workplace union representative where previously it had no workplace reps, the percentage of union members who 'strongly agree' that the union takes notice of members' problems and complaints would rise from 15.7 per cent to 21.1 per cent. Obtaining a full-time workplace union representative would raise the percentage to 25.7 per cent.

The importance of workplace lay representation to perceptions of union responsiveness is not surprising, since workplace lay representatives are able to have regular face-to-face contact with individual employees in a way that full-time officials are not.

Table 4: Association between union characteristics and employee’s perception of whether unions take notice of members’ problems and complaints in the private sector

	All	Members	Non-members
Union membership:			
<i>Ref. Employee not a member</i>			
Employee is union member	+		
Union density at workplace (per cent):			
<i>Ref. Zero</i>			
1–24	–		–
25–49			
50–74			
75+			
Workplace union representation:			
<i>Ref. No recognised unions</i>			
No workplace rep	–		–
Part-time rep	+	+	
Full-time rep	+	+	+
Union recognition:			
<i>Ref. Unions not recognised</i>			
At least one recognised union			
Collective bargaining:			
<i>Ref. Employee is not covered</i>			
Employee is covered			
Bargaining coverage at workplace (per cent):			
<i>Ref. Zero</i>			
1–49			
50–74			
75+		+	
Index of union strength*:			
<i>Ref. No points</i>			
One point			
Two points			
Three points			
Four points	+	+	
Management’s attitude towards union membership**:			
<i>Ref. Neutral</i>			
Not in favour			
In favour			
Number of observations	4283	2351	1932

* One point for: high membership density (50%+); workplace union representation; union recognition; and high bargaining coverage (thresholds as for density).

** Employee’s perception.

+ : employees with the specified characteristic (e.g. union members) were *more* likely than those in the reference category (e.g. non-members) to consider that unions take notice of members’ problems and complaints.

– : employees with the specified characteristic were *less* likely than those in the reference category to think this.

Empty cell: the perceptions of employees with the specified characteristic were no different from those of employees in the reference category.

Source: WERS 2004

Table 5: Association between union characteristics and employee's perception of whether unions are taken seriously by management in the private sector

	All	Members	Non-members
Union membership:			
<i>Ref. Employee not a member</i>			
Employee is union member	+		
Union density at workplace (per cent):			
<i>Ref. Zero</i>			
1–24			
25–49	+		
50–74		+	
75+	+	+	+
Workplace union representation:			
<i>Ref. No recognised unions</i>			
No workplace rep	+		
Part-time rep	+	+	
Full-time rep	+	+	+
Union recognition:			
<i>Ref. Unions not recognised</i>			
At least one recognised union			
Collective bargaining:			
<i>Ref. Employee is not covered</i>			
Employee is covered	–	–	
Bargaining coverage at workplace (per cent):			
<i>Ref. Zero</i>			
1–49			
50–74	+		+
75+	+	+	
Index of union strength*:			
<i>Ref. No points</i>			
One point		+	
Two points			
Three points		+	
Four points	+	+	
Management's attitude towards union membership**:			
<i>Ref. Neutral</i>			
Not in favour	–		–
In favour	+	+	
Number of observations	4283	2351	1932

* One point for: high membership density (50%+); workplace union representation; union recognition; and high bargaining coverage (thresholds as for density).

** Employee's perception.

+ : employees with the specified characteristic (e.g. union members) were *more* likely than those in the reference category (e.g. non-members) to consider that unions take notice of members' problems and complaints.

– : employees with the specified characteristic were *less* likely than those in the reference category to think this.

Empty cell: the perceptions of employees with the specified characteristic were no different from those of employees in the reference category.

Source: WERS 2004

Table 5 above goes on to identify those features of workplace union organisation that are associated with employees' perceptions that unions at the workplace are taken seriously by management. In the private sector, the presence of workplace lay representatives is again positively associated with employees' ratings, but other traditional indicators of union strength also show positive associations, namely membership density and bargaining coverage. These effects are cumulative for union members in the private sector, evident from the positive association between employees' ratings and the composite indicator of union strength. In the private sector, the marginal effect of moving from zero points on the union strength index to four points (i.e. moving from the bottom to the top of the index) is to raise the probability that a union member will 'strongly agree' that workplace unions are taken seriously by management by 7.7 percentage points, when all other variables are held at their mean value. Accordingly, if a unionised private sector workplace were to score four points rather than zero on the strength index, the percentage of union members 'strongly agreeing' that the union is taken seriously by management would rise from 7.4 per cent to 15.1 per cent.

In the public sector, there are far fewer robust associations between the characteristics of workplace union organisation and employees' perceptions of whether unions are taken seriously by management. It seems more likely that the indicators of union organisation in WERS – being rooted at workplace level – are less capable measures of union strength in the public sector, where many of the most important interactions between managers and trade unions take place at national level.

Table 6 opposite identifies those features of workplace union organisation that are associated with the third and final measure of union effectiveness: whether employees perceive that unions make a difference to what it is like to work in the establishment. The pattern of results is similar to that shown in Table 5. In the private sector, high union density, the presence of workplace representatives, union recognition and high bargaining coverage are each positively associated with union members' perceptions along this particular dimension of union effectiveness, as is the union strength index. Among private sector union members, the marginal effect of moving from zero to four points on the union strength index is to raise the probability that a union member will 'strongly agree' that workplace unions make a difference by 9.4 percentage points (from 7.2 per cent to 16.6 per cent), when all other variables are held at their mean value.

For non-members in the private sector, the presence of a full-time workplace representative is the key factor in determining whether or not they perceive that the union is taken seriously by management.

The final table summarising Bryson and Forth's work (Table 7 below) presents the results of the analysis in which the index of union effectiveness (presented in Figure 2 above) is taken as the dependent variable. This may be considered as a summary measure of union effectiveness, which indicates the extent to which unions at the workplace are performing well across each of the three specific dimensions discussed above. For union members in the private sector, the pattern of results is similar to that found in respect of the three specific dimensions of union effectiveness.

Table 6: Association between union characteristics and employee's perception of whether unions make a difference to what it is like to work here in the private sector

	All	Members	Non-members
Union membership:			
<i>Ref. Employee not a member</i>			
Employee is union member	+		
Union density at workplace (per cent):			
<i>Ref. Zero</i>			
1–24	–		–
25–49			
50–74		+	
75+	+	+	
Workplace union representation:			
<i>Ref. No recognised unions</i>			
No workplace rep	–		–
Part-time rep		+	
Full-time rep	+	+	+
Union recognition:			
<i>Ref. Unions not recognised</i>			
At least one recognised union		+	
Collective bargaining:			
<i>Ref. Employee is not covered</i>			
Employee is covered	–	–	
Bargaining coverage at workplace (per cent):			
<i>Ref. Zero</i>			
1–49			
50–74		+	
75+	+	+	
Index of union strength*:			
<i>Ref. No points</i>			
One point			
Two points	–		
Three points		+	
Four points	+	+	
Management's attitude towards union membership**:			
<i>Ref. Neutral</i>			
Not in favour			
In favour			
Number of observations	4283	2351	1932

* One point for: high membership density (50%+); workplace union representation; union recognition; and high bargaining coverage (thresholds as for density).

** Employee's perception.

+ : employees with the specified characteristic (e.g. union members) were *more* likely than those in the reference category (e.g. non-members) to consider that unions take notice of members' problems and complaints.

– : employees with the specified characteristic were *less* likely than those in the reference category to think this.

Empty cell: the perceptions of employees with the specified characteristic were no different from those of employees in the reference category.

Source: WERS 2004

Table 7: Association between union characteristics and union effectiveness index in the private sector

Private Sector			
	All	Members	Non-members
Union membership:			
<i>Ref. Employee not a member</i>			
Employee is union member	+		
Union density at workplace (per cent):			
<i>Ref. Zero</i>			
1–24	–		–
25–49			
50–74			
75+	+	+	
Workplace union representation:			
<i>Ref. No recognised unions</i>			
No workplace rep	–		–
Part-time rep	+	+	
Full-time rep	+	+	+
Union recognition:			
<i>Ref. Unions not recognised</i>			
At least one recognised union			
Collective bargaining:			
<i>Ref. Employee is not covered</i>			
Employee is covered	–	–	
Bargaining coverage at workplace (per cent):			
<i>Ref. Zero</i>			
1–49			
50–74	+	+	
75+	+	+	
Index of union strength*:			
<i>Ref. No points</i>			
One point			
Two points			
Three points			
Four points	+	+	+
Management's attitude towards union membership**:			
<i>Ref. Neutral</i>			
Not in favour			
In favour			
Number of observations	4283	2351	1932

* One point for: high membership density (50%+); workplace union representation; union recognition; and high bargaining coverage (thresholds as for density).

** Employee's perception.

+ : employees with the specified characteristic (e.g. union members) had a higher score on the union effectiveness index than those in the reference category (e.g. non-members).

– : employees with the specified characteristic had a lower score on the union effectiveness index than those in the reference category.

Empty cell: the scores of employees with the specified characteristic were no different from those of employees in the reference category.

Source: WERS 2004

Membership density, the presence of workplace reps and bargaining coverage are each positively associated with higher scores on the effectiveness index. The impact of scoring four points on the union strength index, rather than zero, is to increase the probability that a private sector union member will rate the union as being effective on all three dimensions of effectiveness by 15.8 percentage points (from 32.5 per cent to 48.3 per cent), when all other variables are held at their mean value.

Notably, the union strength index is also positively associated with the composite index of effectiveness for non-members in the private sector, though the magnitude of the effect is weaker than in the case of union members. The marginal effect of scoring four points on the union strength index, rather than zero, is to increase the probability that a private sector non-member will rate the union as being effective on all three dimensions of effectiveness by 7.5 percentage points (from 26.3 per cent to 33.8 per cent), when all other variables are held at their mean value. The analysis of the composite index of union effectiveness for the public sector shows a mixture of positive and negative associations that present no clear picture.

To summarise then:

- In the private sector, strong workplace unionism (high membership density, the presence of workplace lay representatives and high bargaining coverage) tends to translate into higher perceptions of union effectiveness on the part of employees. However, it is only the presence of workplace lay representatives that shows a positive relationship with union responsiveness to members' problems and complaints.
- In the public sector, workplace lay representatives also raise employees' perceptions of union responsiveness.

Effective unions and their impact on employment relations

It is perhaps not surprising that the members and non-members rate as more effective those unions that are better organised at a workplace level. Union organising strategies prioritise the recruitment of members, the raising of union density and the recruitment and development of representatives for precisely this reason.

But what impact do effective unions have upon employers – and, more particularly, longer-term employment relations?

If one were to translate concepts of 'the good life' or a 'good quality of life' into a workplace setting to establish what might constitute a good quality of employment relations, it might be reasonable to assume that good-quality employment relations could be equated with harmonious relationships. However, as noted earlier, this tends to overlook the fact that the employment relationship is underpinned by a contract for services in which the employer as the principal in the contract has considerable power, since it is they who determines who is

employed and on what terms. Where employees are powerless – for example in the absence of a union or other mechanism for effectively raising and resolving problems – what passes for 'harmony' may simply be quiescence.

If there are problems at work that are not being addressed, the least contented workers may simply quit – meaning that when surveys explore the quality of employment relations among those remaining they miss an important part of the story!

The picture can differ somewhat in the presence of a union. The union creates an incentive for employees to aggregate all their demands and concerns, offering them a voice outlet that may reduce the propensity to quit since employees now have an opportunity to rectify the concerns they have. This may come at a price in terms of 'harmonious' employment relations. However, this tells only part of the story. As we have seen, grievances and disputes may have a greater chance of speedy resolution when the employer has employee representatives to consult and negotiate with, compared to circumstances in which they have to determine for themselves how employees are feeling.

These considerations lead to poorer perceptions of the climate of employment relations in the presence of unions, but also more stable employment relationships.

In the previous section it was shown that unions differ in their ability to respond to employees' needs, get the backing of management and make a difference in the workplace. Thus it would be fair to assume that some unions are more effective than others in effecting a better quality of longer-term employment relationships. The following section identifies the impact that effective unions may have upon longer-term employment relationships and efforts to improve workplace performance.

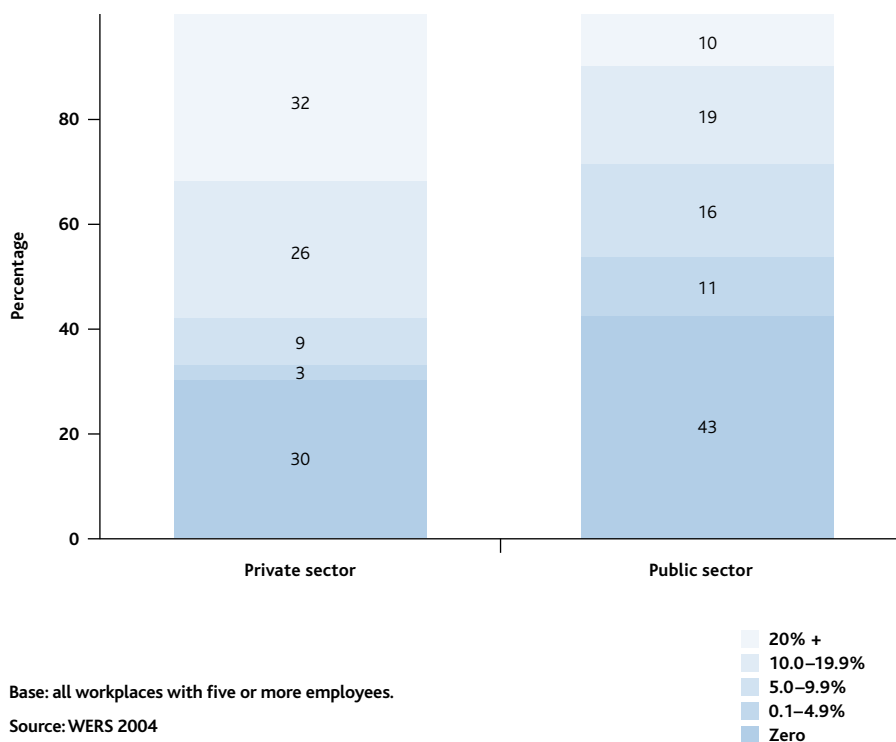
Longer-term employment relationships

To establish whether unionisation engenders more stable employment relations, Bryson and Forth analysed the link between union effectiveness measures and voluntary quit rates at the workplace. By providing voice for workers, unions encourage employees to tackle the problems they face at work, rather than quitting in the face of dissatisfaction. This is beneficial for the employer for three reasons: first, a reduction in quits generates savings on recruitment and training costs; second, it reduces disruption in work teams; and third, it increases the likelihood that an employer will reap the return from efforts to upskill the workforce.¹⁶ Moreover, by providing employees with an effective voice, unions enable the employer to learn more about the operation of the workplace, thereby facilitating improvements to the production process that may otherwise have been hidden to the employer had the employees' knowledge remained private.¹⁷

The quit rate measure is based on the proportion of employees at the workplace 12 months prior to the survey who have subsequently 'left or resigned voluntarily' multiplied by 100 to obtain a percentage. Figure 3 shows the quit rates in the private and public sectors. Quit rates are considerably lower in the public sector

than they are in the private sector: four in ten public sector workplaces had quit rates of zero, compared to three in ten in the private sector, while only one in ten public sector workplaces had quit rates of 20 per cent or more, compared with a third of private sector workplaces.

Figure 3: Rate of voluntary quits within the workplace, by sector



To analyse the links between quit rates and union effectiveness, Bryson and Forth ran regression analyses. The results are compelling (see Table 8 below). Union recognition is associated with lower quit rates in both the private and public sectors. Furthermore, the effect is greater where unions are more effective, that is, where they have higher union density and higher bargaining coverage. In the private sector the effects are particularly strong where management is in favour of union membership.

Table 8: Associations between union characteristics and rate of voluntary quits at workplace

	Private sector	Public sector
Union density at workplace (per cent):		
<i>Ref. Zero (private sector) / 0–25 (public sector)</i>		
1–24		
25–49		
50–74	–	–
75+	–	–
Workplace union representation:		
<i>Ref. No recognised unions</i>		
No workplace rep		–
Part-time rep	–	
Full-time rep		
Union recognition:		
<i>Ref. Unions not recognised</i>		
At least one recognised union	–	–
Collective bargaining:		
<i>Ref. Employee is not covered</i>		
Employee is covered	–	–
Bargaining coverage at workplace (per cent):		
<i>Ref. Zero</i>		
1–49		
50–74		
75+	–	–
Index of union strength*:		
<i>Ref. No points</i>		
One point		
Two points	–	
Three points	–	–
Four points	–	
Management’s attitude towards union membership**:		
<i>Ref. Neutral</i>		
Not in favour		
In favour	–	
Number of observations	1566	505

* One point for: high membership density (50%+); workplace union representation; union recognition; and high bargaining coverage (thresholds as for density).

** Employee’s perception.

–: workplaces with the specified characteristic (e.g. union membership density of 75% or more) had a lower rate of voluntary quits than workplaces in the reference category (e.g. workplaces with no union members).

Empty cell: the rate of voluntary quits in workplaces with the specified characteristic was no different from the rate among workplaces in the reference category.

Source: WERS 2004

The size of these union effects is also notable. In the private sector, the marginal effect of moving from zero points on the union strength index to four points (i.e. moving from the bottom to the top of the index) is to lower the quit rate by 12.1 percentage points, when all other variables are held at their mean value.

So, if a private sector workplace scored four points rather than zero on the strength index, the quit rate would fall from 16.9 per cent to 4.8 per cent.

Bryson and Forth ran a number of sensitivity tests to see how robust these results are. They added controls for the terms and conditions available at the workplace, since better terms and conditions can be expected to reduce quits and may also be more common in unionised workplaces. They added a control for the median wage at the workplace (whether less than £5 per hour, between £5 and £14.99 per hour, or at least £15 per hour) and controls for the availability of extra-statutory sick pay, more than four weeks of paid annual leave, an employer pension scheme, a company car or car allowance and private health insurance.

They also added a control indicating the manager's perception that employees could expect long-term employment in the organisation, to account for the presence of an internal labour market; and entered additional controls for the nature of non-union voice at the workplace and for the nature of the product market, as had been done in the analyses of climate. The results for the private sector were unaltered from those presented earlier.

In summary:

- Quits are lower where unions are present, and where unions are stronger, supporting the hypothesis that effective union voice reduces employee exits.
- This represents a real potential benefit for employers. As the Government's consultation on workplace representatives noted: "By reducing exit rates and labour turnover, employee representation can bring substantial benefits by avoiding costs such as support during job search (unemployment benefit); firm recruitment costs and a reduction in labour productivity (as a result of loss of job skills)."¹⁸

Collaboration to improve workplace performance

To establish whether managers perceive unions as playing a constructive role at the workplace, Bryson and Forth explored how strongly managers agree with the statement: "Unions help find ways to improve workplace performance." They confined their analysis to those workplaces where a union is present by excluding workplaces where the manager said there were no union members present. In the private sector very few managers either 'strongly agreed' or 'strongly disagreed', with the vast majority evenly split across the remaining three intermediary categories. In the public sector, on the other hand, almost half of all managers 'agreed' with the statement, with a further seven per cent strongly agreeing.

Table 9: Associations between union characteristics and manager’s opinion of whether unions help find ways to improve workplace performance in the private sector

Union density at workplace (per cent):	
<i>Ref. Zero (private sector) / 0–25 (public sector)</i>	
1–24	
25–49	
50–74	+
75+	+
Workplace union representation:	
<i>Ref. No recognised unions</i>	
No workplace rep	+
Part-time rep	+
Full-time rep	+
Union recognition:	
<i>Ref. Unions not recognised</i>	
At least one recognised union	+
Bargaining coverage at workplace (per cent):	
<i>Ref. Zero</i>	
1–49	+
50–74	+
75+	+
Index of union strength*:	
<i>Ref. No points</i>	
One point	
Two points	+
Three points	+
Four points	+
Management’s attitude towards union membership**:	
<i>Ref. Neutral</i>	
Not in favour	–
In favour	+
Number of observations	719

* One point for: high membership density (50%+); workplace union representation; union recognition; and high bargaining coverage (thresholds as for density).

** Employee’s perception.

+: managers in workplaces with the specified characteristic (e.g. union membership density of 75% or more) were more likely to consider that unions help find ways to improve workplace performance than managers in the reference category (e.g. those in workplaces with no union members).

–: managers in workplaces with the specified characteristic were less likely to consider that unions help find ways to improve workplace performance than managers in the reference category.

Empty cell: the perceptions of managers in workplaces with the specified characteristic were no different from those of managers in the reference category.

Source: WERS 2004

In the private sector, managers' perceptions that unions perform a helpful role in improving workplace financial performance rise with union effectiveness (see Table 9 above). This is the case for all measures of union effectiveness – that is, union density, collective bargaining coverage, lay representation (moving from none to part-time to full-time lay representation) and managerial attitudes to union membership.

This is a very important finding since it suggests that, where unions are strong and effective, they are perceived by management to be more– not less – likely to be beneficial to employers in terms of their willingness to improve workplace performance. The finding is consistent with research undertaken by others, such as Tom Kochan at MIT, who has argued for some time that there are mutual gains to be had by both employees and employers where management can work collaboratively with unions. From a union perspective, it makes sense that they may have the confidence to do so only where they can operate from a basis of relative strength.

Even if weaker unions were willing to provide assistance to employers in achieving better performance, they are unlikely to be in a position to do so if they lack the organisational capacity to represent workers adequately.

In the private sector, managers are more likely to consider that unions help find ways to improve workplace performance where unions are stronger.

Collective bargaining and innovation

Innovation may take many forms, including process innovations in labour deployment and capital investment, and innovations in products and services, but it is commonplace to assume that firms must be innovative in order to survive and prosper. In times of recession innovation can be vital to retain a competitive edge over rivals competing in tough market conditions. Although innovation can be good for firms, it may not be perceived by employees as equally beneficial. Innovation-induced job shake-out may be met with some trepidation by employees, potentially leading to stress and anxiety.

Innovations in work practices arising from the introduction of new work methods or processes associated with the deployment of new technologies may have positive or negative effects on worker well-being depending on whether they are job enriching or a source of labour intensification.

Few studies are able to assess the links between workplace innovations and employee well-being because they lack the necessary information. A new study by Bryson et al (2009), using nationally representative survey data for Britain's private sector, explores the impact of innovations in products and services, and process innovations in relation to both labour organisation and capital investment, on employee job satisfaction and subjective well-being (SWB). They find managerial innovations are associated with lower worker well-being and lower job satisfaction, all other things being equal. However, the effect is absent when workers are covered by a collective bargaining agreement.¹⁹

Why should union coverage have such a dramatic effect on employee well-being when firms innovate? Further research by Bryson et al suggests this is a direct result of union involvement in the consultation over innovation. This involvement may mean unions have an ability to block those innovations that are most detrimental to employee well-being; or else they may be able to ensure the way in which an innovation is introduced takes account of employee concerns. Either way, it is clear that one of the things unions do is to make workplace innovations less costly to workers.

Case study: Prospect and the Biotechnical and Biological Sciences Research Council – Opportunities for Change

Introduction

The Biotechnical and Biological Sciences Research Council (BBSRC) is one of seven UK research councils and is funded by the government's Department for Innovation, Universities and Skills (DIUS). The BBSRC is spread across six scientific research institutes covering Wales, Scotland and England. Prospect represents 1,200 scientific and technical workers within the BBSRC. The relationship between the union and the BBSRC has been described in positive terms by both sides, with the BBSRC Director of Human Resources, commenting that: "Relations are very good. Obviously we have a job to do and so do they and we have a relationship built on trust". The Chair of the Prospect Branch within the BBSRC has full-time facility time to represent members within the organisation.

The issue

Employment within government-funded scientific research bodies is often insecure for two main reasons. First, funding for research can be withdrawn at short notice as government priorities change. Many of the workers concerned, although at the top of their field in one research area, are not easily able to switch to another as they may have built up years of experience and knowledge in a specialism that is not easily transferable. Second, short-term contracts are prevalent within the scientific community. Many workers in the BBSRC are on research contracts that are funded for three years and some struggle to find alternative work when their contract expires. In both cases the consequences can be serious for both the individuals concerned and for the BBSRC, as skills and expertise are lost from the sector, particularly if the government reverts to funding an area of expertise in which those previously employed may have left the industry for good. Others may be able to retrain into another field of work but this takes time, financial support and expert guidance.

Over the last two decades the BBSRC has undergone some dramatic changes. There were originally 22 research fields but by 2009 there were only six, and there has been a corresponding fall in employment from 7,500 to 2,500

people. Large reductions in the workforce resulted in redundancies and this environment forms the background to the union's initiative, Opportunities for Change. A Prospect representative summed up the rationale behind Opportunities for Change:

We wanted to do something to help these people and we wanted to give them the opportunity to sit back and look at the skills they have gained and their competencies and then say, "actually how could we use them somewhere else, either in another area of science or in a completely different job altogether".

The initiative

Opportunities for Change emerged when the union noticed that a large skill set was being lost as departments closed and employees were made redundant. At the same time, as a result of switches in political priorities and funding, other government departments were trying to recruit skilled staff. In response, the union was determined to support some kind of retraining for those who were facing redundancy and to match skills to gaps, rather than allow these individuals and their skills to leave the sector for ever. The original initiative was to offer support and advice to those employees facing redundancy and, following the success of this, to extend it to those employees whose short-term contracts were about to expire and who were having difficulties finding alternative work.

The union realised that, while it had considerable knowledge and expertise in a number of areas, including offering members pension and legal advice, it did not have the full experience required to support this initiative. It therefore approached the University of London Careers Advisory Service, which agreed to become involved on the basis that it would have to charge the union to cover its costs.

The next step was for the union to meet with management at national level to outline the initiative and to secure its support. At this time the BBSRC was closing a research institute in Hertfordshire and this provided an opportunity to test the union's proposal.

The union encouraged the employer to look at providing a redeployment/resettlement programme and worked to persuade it that it had a duty to support employees facing redundancy.

Although the BBSRC is an employer that takes its obligations to its employees seriously, at first there were some concerns. Prospect's President recalls the events:

Once they'd got over their initial concern that somehow we were running some kind of hidden union agenda, they recognised that actually it was a benefit for them and that we were a bit cheaper than some of the commercial resettlement companies that they would be looking at. Plus the fact that some of the staff had an affinity with us and so were more receptive to training.

Convinced that this was a genuine attempt by a trade union to support their members at work, the employer came on board. The union suggested that in the context of long-term restructuring the employer would find it of benefit to move employees to new areas of work and, by offering this type of programme, their profile as a socially responsible employer of choice would be enhanced.

Negotiations took place centrally, at national level, between the BBSRC and Prospect, on behalf of the Council's 2,500 employees at its headquarters in Swindon, and the BBSRC agreed to the union's request for financial support for the programme. Each of the BBSRC's research institutes were then bound by the agreement.

The initiative takes the form of workshops for Prospect members, designed to help them in their career development. It is led by an experienced tutor from the University of London's Careers Advisory Service, who tailors the courses to the specific requirements of those attending. Factors determining this would be the occupational make up of the participants, their qualifications and their work situation – whether or not their department was closing. The agreement made between the union and the BBSRC means the employer not only covers the cost of the course, which is undertaken in work time, but also continues to pay the salary of the individual on the course while they attend. The literature that accompanies the programme is 'badged' by both the union and the employer, and is designed to complement existing training provision at work.

In the case of the Institute of Agricultural Engineering in Hertfordshire, there were two main groups of employees – scientists and technical engineers – requiring different types of support. The programme calculated how many of those affected wished to remain within the scientific sector, with a view to supporting these people in finding new work and guiding them through the process of job seeking and CV writing. The union also examined the possibilities open to the workers wishing to leave the sector – retraining, providing financial advice for those wanting to invest their redundancy payments and, in conjunction with some Regional Development Agencies, offering advice and financial training for those wishing to start their own business.

Opportunities for Change includes an evaluation exercise to ensure employers get value for money and to make sure the union continuously improves the programme. According to the President of Prospect the initiative has proved "a real success" and it is highly rated by members who have attended the workshops. Uniquely, the union offers free ongoing support to members beyond their attendance on the programme, something a commercial organisation would not be able to do. Crucially, following its success in the context of redundancies, Prospect decided to extend the programme to those on short-term contracts.

Conclusion

Opportunities for Change represents something of a departure in union support for its members, providing advice and retraining for future employment within and outside the organisation. The programme's strength, and the reason for the success of this programme, lies in the fact that employees trust their local union representative, and the union is seen as impartial, supportive and confidential. The programme is tailor-made to the needs of the participants and supports a transition from a situation where members are faced with the threat of redundancy and unemployment to a retraining programme where members gain confidence in their career prospects that enables them to perceive the future more positively. Prospect officers hope that this programme can be rolled out to other areas of the union's membership and/or to other unions.

As for the BBSRC, the Director of Human Resources comments that: "The cost of this programme is small when you consider the costs of closing down large departments and buildings and, of course, we owe employees this kind of support."

The programme also produces benefits for the union in terms of attracting, recruiting and retaining members. As the union's Vice President highlights:

Members see that even when the chips are down, we aren't stepping back and we're actually helping them through that process. It's part of our philosophy of being a member for life, recognising that they may go through a number of different employers. You could go from university to research institutes, to the charitable sector and we think we can offer them something through all of those employers.

Summary and conclusions

Unions exist first and foremost to represent the interests and concerns of their members. However, this report has demonstrated the advantages that unions can also bring to workplaces and employers. The case studies by the Working Lives Research Institute presented in the Union Effect section of this report show the broad variety of positive impacts that unions can have in the workplace.

This report has also shown how workplace union organisation varies in its effectiveness and assessed the impact that effective unions have on the quality of workplace employment relations. Bryson and Forth's work showed that in the private sector, strong workplace unionism (high membership density, the presence of workplace lay representatives and high bargaining coverage) is associated with perceptions of greater union effectiveness on the part of employees. Bryson and Forth's work also demonstrated that the incidence of voluntary quits is lower where unions are present, and where unions are stronger. This finding applies in both the private and public sectors and supports the hypothesis that effective union voice reduces employee quits and thus contributes to stability in employment relationships.

The benefits of strong unions were also apparent when studying private sector managers' perceptions of the efficacy of workplace unions in helping to improve workplace performance. In the private sector, managers are more likely to consider that unions help find ways to improve workplace performance where unions have higher membership density, higher bargaining coverage and workplace lay representatives.

The work by Bryson et al showed that, although innovation can be good for firms it may not be perceived by employees as equally beneficial. However, unions and collective bargaining can help mitigate the potential negative impacts of innovation upon workers.

In conclusion, the analysis indicates that strong unions can deliver benefits to employees and employers alike. Successful recruitment campaigns, efforts to secure recognition and the development and maintenance of networks of lay representatives all contribute to the effectiveness of workplace union organisation in the eyes of union members – and in some respects in the eyes of non-members too. Moreover, while unionised workplaces may typically be less harmonious than workplaces without unions, the evidence indicates that the voice function provided by strong workplace organisation promotes employment relationships that are both more stable and more constructive in the longer term.

The way forward

Unions have the potential to play a key role in driving Britain out of the recession, and in creating a successful, sustainable and fair economy. Realising that potential, however, will require both new thinking and concerted action by unions, government and employers.

Partnership revisited?

There have been previous efforts to rethink and recast the relationship between unions and employers – most recently in the form of the ‘partnership at work’ agenda, which reached its high water-mark in the early 2000s. Despite being underpinned by the launch of the TUC’s Partnership Institute in 2000 and the Government’s Partnership At Work Fund – which ran from 1999 to 2004 – ‘partnership’ ran aground in some areas on the twin rocks of both employer apathy and a growing scepticism within many unions of its ability to deliver tangible benefits to members.

It should be noted, however, that, despite its failure to become the dominant form of UK employment relations, partnership approaches are still present and significant in both the public and the private sector.²⁰ Social partnership arrangements in both health and education have seen a widening of the traditional union bargaining agenda, and a focus on issues such as the nature and quality of service delivery, and employee engagement.²¹

The relative merits and drawbacks of the partnership approach have been widely debated elsewhere and will not be repeated here.²² However, one of the defining features of partnership was the pre-eminent role given to the importance of the quality of relationship between union and employer. Much less prominence was given to the importance of union organisation or union effectiveness – and indeed some commentators have suggested that partnership approaches actually served to undermine rather than enhance workplace activism.²³ On any objective reading, the six principles of partnership working agreed 10 years ago by the TUC General Council would still resonate with most unions today – but crucially the principles do not include any mention of the importance of effective union organisation or, for example, the active involvement of local representatives or high union density. This is not just a question of semantics; as this report has demonstrated, it is effective

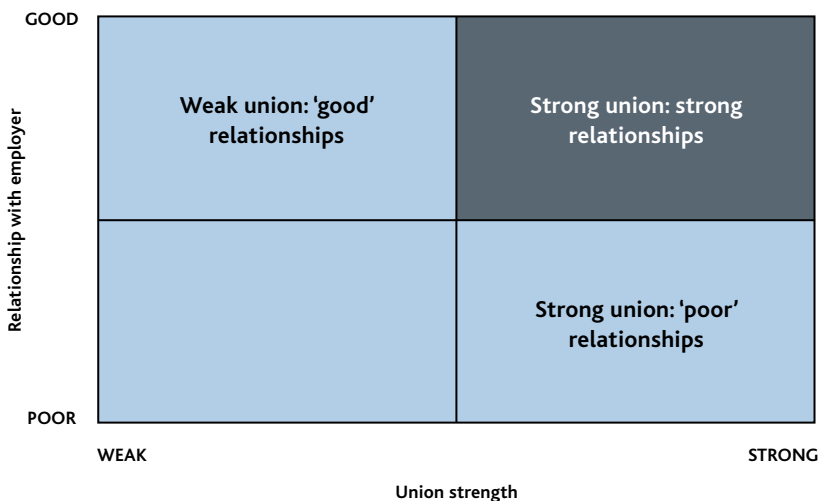
unions – not just unions per se – that have the potential to contribute to positive long-term employment relations.

In calling for new thinking then, we are not calling for unions to embrace 'partnership revisited'. Rather we feel there is scope for unions to develop a new model of employment relations – one that places effective, strong trade unionism at its heart. But of course effective trade unionism is not an end in and of itself. Unions organise so that they can represent the interests and concerns of their members – and to do this they need to engage with employers. This does not mean that employers and unions will always agree or that the climate of employment relations will always be positive. On the contrary, as we have already seen, unionised workplaces may actually be less 'harmonious' than workplaces without unions.

This constructive tension between the interests of employers and the interests of unions and their members needn't be negative. A 'positively pluralist' approach to employment relations – one in which the union is strong and effective; which recognises that at times the interests of the employer and union will differ; and which is underpinned by shared commitment to positive long-term employment relations – has the potential to deliver benefits to both employees and employers (see Figure 4 below).

There are many practical examples that could demonstrate how such a model may work in practice. As outlined earlier, over the last 10 years union work on learning and skills has successfully engaged thousands of employers. Crucially this positive engagement with employers has been underpinned by the recruitment and development of nearly 25,000 union learning representatives.

Figure 4: Positive Pluralism – Effective unions: effective employment relations



The case studies detailed in this report demonstrate the value of strong unions working pragmatically with employers to achieve solutions that benefit both employees and the employer.

Government could play a crucial role in promoting this 'positively plural' approach to employment relations, making the explicit link between strong, effective unions and a successful economy. Indeed, across the Atlantic this is precisely the tack being taken by the Obama administration.

"I do not view the labor movement as part of the problem, to me it's part of the solution. We need to level the playing field for workers and the unions that represent their interests, because we know that you cannot have a strong middle class without a strong labor movement. We know that strong, vibrant, growing unions can exist side by side with strong, vibrant and growing businesses. This isn't an either/or proposition between the interests of workers and the interests of shareholders. That's the old argument. The new argument is that the American economy is not and has never been a zero-sum game. When workers are prospering, they buy products that make businesses prosper. We can be competitive and lean and mean and still create a situation where workers are thriving in this country."

Remarks by President Obama and the Vice President in the announcement of Labor Executive Orders and Middle Class Working Families Task Force, The White House, January 30th 2009.

For the Obama administration, unions are clearly positioned as part of the solution to the economic crisis. In Britain the Government has taken tentative steps in this direction but, perhaps concerned about the possible reaction from sections of the media, has been less confident about outlining such a positive role for unions. However, we believe such a move would chime with the public. In a recent TUC survey some 60 per cent of respondents positively agreed that unions "provide vital protection for many groups of workers", and barely one in five respondents said that they felt unions were "no longer relevant in today's world".²⁴ Only one in four believed that unions "held back companies in today's competitive world". Union leaders may not be as trusted as other key groups of professionals such as doctors or teachers, but they are currently more trusted than business leaders and politicians.²⁵

Finally, but most importantly, such an approach to employment relations would chime with British workers. UK workers want their unions to be strong and effective. But they also want them to engage with their employer, and to have a tangible positive effect in the workplace. A 'positively plural' approach to employment relations would help deliver these aspirations.

Mapping the road to recovery

Having identified the potential benefits of a positively plural approach to employment relations, what more can unions, employers and government do to progress this agenda?

- Most importantly, unions must prioritise building effective workplace organisation. The evidence in this pamphlet is that effective unions are better equipped to represent their members and to make a contribution to long-term employment relations. In particular unions need to invest more in the recruitment and development of workplace representatives. Workplace representatives are the single most important determinant as to whether or not members and potential members perceive the union as effective at a workplace level. In recent years the proportion of unionised workplaces with workplace representatives has fallen. The TUC and unions should launch a major campaign to increase the number of active workplace union representatives.
- Unions and the TUC also need to develop better systems for supporting the work of workplace representatives. The TUC's unionreps website has demonstrated the value of online networking for union reps – allowing reps to share ideas, information and experience. Users of the site are less likely to call on the resources of union full-time officers and organisers, and online networking can be invaluable for those 40 per cent of reps who are the sole rep in their workplace. TUC Regional Councils and trade union education units could be asked to explore what further support they could provide for workplace reps.
- Employer efforts to support effective unions in the workplace are important. In unionised workplaces, employers should invest in helping the union recruit and train representatives and extend union membership. Such investment could help build better long-term employment relations, reduce quit rates and secure employee support for workplace innovation. Unions should prioritise support for union organisation through the collective bargaining process.
- The MacLeod Review²⁶ opened an important debate about the value of employee engagement. However, the Review underplayed the actual and potential role of unions in securing effective employee engagement. Representing over a quarter of employees, and negotiating on behalf of more than a third of the workforce, it is essential that unions are placed at the heart of government efforts to implement the recommendations of the Review.
- More broadly – government and employers need a new understanding of the positive contribution that unions can make to Britain's workplaces and to economic prosperity more broadly. Government should play a more active role in promoting the role of unions and collective bargaining. In particular, government should:
 - *Restore ACAS's duty to promote collective bargaining*
Without a positive duty to promote collective bargaining, ACAS is unable to recommend collective bargaining as the most appropriate means of determining working conditions even where a union is recognised or partially recognised. Restoring the duty, which was removed by the Conservative

Government in 1993, would not mean that ACAS would have to advise all employers to recognise unions; it would simply allow them to do so where they judged that it would be the best solution.

– *Support the revision of the Posting of Workers Directive*

Recent decisions in the European Court of Justice (principally the Viking and Laval cases) have qualified the rights of unions to bargain and to take industrial action and made them subordinate to the rights of employers to free movement of capital and labour. The ETUC and the TUC UK has concluded that the best way to reverse the adverse impact of these judgements is to revise the Posting of Workers Directive in such a way as to ensure that collective agreements that are 'generally applicable' across a sector can set terms and conditions that cannot be undercut by using labour from outside the UK paid at a lower rate.

– *Incentivise employers to support collective bargaining*

Explore how to use the tax system to incentivise employers to develop fairer pay systems. This could include providing tax relief for companies and organisations that reach collective agreements which raise the incomes of low earners; ensure gender pay equality; and give staff access to education and training and/or commit the organisation to taking on apprentices. Such reliefs would be offset by savings accruing to the Treasury through reduced take-up of Working Families tax credits.

– *Support and extend existing collective agreements in the public sector*

There have been recent calls for national pay bargaining arrangements in the public sector to be fragmented. Liberal think-tank CentreForum has called for "sweeping reforms in pay bargaining arrangements" and the Conservative party has indicated that it would like to take more schools out of local authority control and devolve responsibility for issues including teachers pay to the level of individual schools.²⁷ Devolving pay and reward discussions to the level of individual schools (and potentially other parts of the public sector) would result in increased costs and bureaucracy. In contrast, the Agenda for Change agreement in the NHS has demonstrated the value of national collective agreements within the context of a partnership approach to employment relations in the public sector. Government should reinforce its commitment to national collective agreements in the public sector – and explore options for extending such arrangements where appropriate. Consideration should also be given as to how best to use public procurement to promote fair pay and reward systems and collective bargaining.

– *Support the development of sector forums*

The TUC warmly welcomed the Labour Party manifesto commitment in 2005 to "bring together employers and trade unions to examine how best we can improve conditions and prospects in some of those sectors where pay and skills are lowest".²⁸ This commitment was reiterated in March 2006 in the DTI policy document Success at Work, which expressed interest in "innovative and imaginative plans" to raise productivity through forums covering industry sectors.²⁹

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Design: Eureka! Design Consultants
Print: Precision Printing
Cover illustration: Lo Cole / Eastwing

Britain is slowly emerging from the most profound economic crisis since the 1930s. This Touchstone pamphlet argues that unions can play a key role in helping Britain on the road to economic recovery, and sets out the case for government and employers to rethink how they engage with unions.



Trades Union Congress
Congress House
Great Russell Street
London WC1B 3LS

www.tuc.org.uk

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ISBN 978 1 85006 883 9