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REWARDING RELATIONSHIPS: A STUDY OF THE INTERACTION OF
EMPLOYMENT RELATIONSHIPS AND EMPLOYEE REWARDS SYSTEMS IN
TWO UNIONISED PRIVATE SECTOR ORGANISATIONS

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PhD

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EMPLOYMENT RELATIONSHIPS AND EMPLOYEE REWARDS SYSTEMS IN
TWO UNIONISED PRIVATE SECTOR ORGANISATIONS

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A thesis submitted in partial fulfilment of the requirements of the University of
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Abstract

This study investigates the interactions between the employment relationship and the employee rewards system. There is an implied and broadly accepted connection between these aspects of organisational life, yet the connection has not been clearly developed within either the employment relations or employee rewards literature. Employment relations research commonly prioritises certain features: organisational context; parties' ideologies; processes concerning the interaction of the parties; and outcomes of the relationship. This study attempts to be located in this tradition: it regards rewards as an outcome of the employment relationship. However, whilst many studies of this type have tended to emphasise the interaction of isolated features, this study attempts to theorise the nature of the interactions between the reward outcomes and the other features of the relationship in a holistic manner.

The study begins from an ontologically realist view of the employment relationship and employee rewards; however, it also acknowledges that these social facts are interpreted by parties, and that these interpretations are significant. The study adopts many of the features of mainstream employment relations research, reflected in a pluralist theoretical perspective. A predominantly inductive, multi-method, case study research strategy is utilised, focussing upon two unionised, private sector, manufacturing organisations. Data is collected from the parties to the employment relationship using research instruments derived from two primary conceptual models: Walton & McKersie's (1965) behavioural bargaining framework, and Gomez-Mejia and Balkin's (1992) algorithmic-experiential model of rewards.

Analysis of this data indicates substantial commonality between the cases and suggests a complex set of interactions between the features of the employment relationship and employee reward outcomes. Key findings indicate the importance of understanding parties' reward preferences as they provide insight regarding: the formulation of parties' ideologies; the effectiveness of processes; and the interpretation of reward outcomes.

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Declaration

I declare that the work contained in this thesis has not been submitted for any other award and that it is all my own work.

Name: Nick Creaby-Attwood

Signature:

Date:

Chapter 1. Introduction

“This exchange or transaction process is at the core of the employment relationship”
(Gerhart & Milkovich, 1991)

“Compensation is at the core of any employment exchange. It is probably the most basic reason people agree to become employees and it serves as a defining characteristic of any employment relationship.” (Bloom & Milkovich, 1995)

“The management of pay is of fundamental importance to the conduct of industrial relations. The employment relationship is formed around the payment of labour, and it is the most conspicuous focus of labour’s collective concern.” (Brown, Marginson & Walsh, 2001)

1.1. Introduction

The centrality of pay, or rewards, for the employment relationship is often referred to either directly or through related discussions, such as its impact upon motivation or performance. However, whilst there is a strong holistic tradition within the study of employment relations, which focuses upon the analysis of *systems* (Dunlop, 1993), very little attention has been given to the *systemic* interaction between the employment relationship and employee rewards. This study aims to contribute to this area of concern.

Having taught employment relations and employee rewards for a number of years, various features had become apparent to me. Firstly, despite these respective fields’ acknowledgement of the mutual importance that their topics have for each other, the literatures remained quite discrete, with little overlap between them. Secondly, authors from these fields tended to write about their subjects in different ways, utilizing different models and perspectives. Finally, there did not appear to be a coherent body of knowledge with which to integrate these closely related subjects.

There are various reasons why a greater understanding of how employment relationships and employee rewards interact with each other might prove to be important.

Both systems have been subject to substantial change. Whilst both employment relationships and employee rewards have always had to respond to various changes, in recent times they have experienced radical change, having become subject to de-collectivisation and closer integration with organisations' strategic objectives. Considering the limited understanding that we have of the nature of the relationship between these two systems, it is not easy to discern how changes in one or both might reflect back and affect the other. Unintended consequences have been a hallmark of innovations in these areas, particularly with rewards. Greater understanding of the interactions between the two systems may reduce the scope for unintended consequences and beneficially inform the planning and execution of change.

Academic response to change in these fields has, however, tended to emphasize the differences in the approaches taken towards them. Studies of change in employment relationships has focused on traditional issues of competing interests, power and asymmetric outcomes; whilst studies of rewards have tended to articulate a unitarist focus, often treading managerialist ground with an emphasis on strategy and value-added (Corby, Palmer & Lindop, 2009). My experiences as a former researcher for a trade union and a current academic in a business school have accentuated these differences. The incongruity between them, as fields of study rather than as domains of practice, has resulted in a barrier that effectively prevents their teaching as closely related subjects. The desire to do so, to link the subjects and enable investigation of the flow between them has been a principal aim of the study. Attempting to straddle two fields is, however, often an uncomfortable pursuit.

A particular complication of this 'straddling' is rooted in the theory base and empirical sources of the respective fields of employment relations and employee rewards. More than a century of study in employment relations has prioritised the unionised sector, for various reasons. As such, with some notable exceptions, the body of knowledge is more fully developed for making sense of unionised relationships compared to non-union relationships. Conversely, the field of employee rewards has grown through the period of

de-collectivisation and many of the features of contemporary reward practice assume individualised relationships. Indeed part of the employment relations literature has discussed how certain reward practices ‘counterpoise’ collectivism (Heery, 1997b; Gunnigle, Turner & D'Art, 1998).

Changes in the context of employment relations have been accompanied by changes in its form. Following the period of de-collectivisation that characterised much of the 1980s and 1990s, the predominant theme has been the promotion of ‘partnership’; cooperative forms of employment relations in which the collective relationship adds competitive value to the firm. The shared identification of competitive advantage as a rationale for both partnership and employee rewards was an early inspiration for this study, as this implied a changed motivation, potentially leading to changed outcomes. The consideration of rewards under partnership was also curiously absent in the research literature, despite the professed centrality of each to the other.

However, as planning for this project developed, another feature of the partnership literature became apparent: its partiality. Despite McBride and Stirling’s (2002) holistic ‘ideology-process-outcomes’ approach to partnership, most of the literature has tended to identify only certain features in their representations of partnerships: aspects of ideology, elements of process. The identification of relationships that might exemplify trust (ideology), cooperation (process) and mutual gains (outcomes) began to appear like a search for hen’s teeth. In response to this, the study has focussed upon the plurality of employment relationships and to consider the implications of these features of actually existing relationships rather than engaging in the search for idealised partnership forms.

So, beyond the partnership literature, we tend to see studies of rewards and relations looking at different things, in different places, in different ways. This reinforces some broad theoretical issues between the fields, however it also raises questions about the location of *this* study: should it be located according to the predominant traditions of employment relations research, favouring collectivised relationships? Or should it, rather, reflect much

reward research that has sought innovation in rewards, often in the context of de-collectivisation of the employment relationship? The decision was made to select collectivised relationships as the sources of data for the study. This is a decision that limits the scope of this project; necessarily so given the apparent constraints. Other forms of relationship will be considered in future studies.

Theoretical considerations suggested the choice of collective, unionised relationships as the focus in the first instance. The conceptualisation of employment relationships has tended to follow the empirical preference for collective, unionised relationships. As such the models are most well developed and make most sense for these settings. Frameworks for understanding de-collectivised relationships have emerged (McLoughlin & Gourlay, 1992; Dundon & Rollinson, 2004; Gollan, 2005) but are not as settled or complete as their collective counterparts. Similarly, pay setting, from an employment relations perspective has tended to revolve around the collective bargaining paradigm. It would be a difficult first jump to attempt to conceptualise the nature of the link between the relationship and rewards in the absence of a collective, bargaining entity.

By comparison, the models for conceptualising rewards tend to be relatively agnostic, they tend to describe a set of practices that make sense regardless of setting. For these reasons prioritising the use of collective relationships appeared to make the most sense.

The following sections will attempt to expand upon some of these discussions in greater detail.

1.2. The significance of the topic

There is a gap in understanding between the studies of employment relationships on the one hand, and employee rewards on the other. This gap is broadly manifested in two ways: firstly, by the absence of holistic approaches that seek to articulate the interactions between the employment relationship and employee reward systems. Secondly, by the differences in approach taken between these fields. These shall be considered in turn.

The employment relations tradition has prioritised the holistic understanding of systems (Dunlop, 1993; Strauss & Whitfield, 1998; Heery, 2008; Heery *et al.*, 2008). The employment relationship is conceived as being concerned with the nature of the parties to it, particularly their structure and ideologies; the processes by which they engage with each other; and the various outcomes of the relationship; all of which is constrained by various contextual factors. This ‘systems’ approach continues to be influential, the ‘ideology-process-outcomes’ model (McBride & Stirling, 2002) framing much of the recent debate on employment relations partnerships.

The application of this approach to the consideration of reward ‘outcomes’, however, has not been widespread. Notable studies have drawn the links between various facets of the relationship and certain rewards. For example, the role of product markets (Brown, 1986; Brown, 1993; Brown *et al.*, 1998; Brown, Marginson & Walsh, 2001; Brown, 2008), labour markets (Grimshaw, 2000) and other workplace characteristics (Blanchflower, 1986) in relation to pay-setting have been widely explored. Similarly, parties’ ideologies have been considered in relation to the evaluation of rewards (Bloom & Milkovich, 1995). Process issues have also been widely linked to rewards, most often through discussion of changes to bargaining structure (Brown, Marginson & Walsh, 1995; Heery, 2000). Where rewards have been regarded as outcomes they have also tended to have been specific practices, separated out from the wider reward system; typically practices such as performance-related pay (Marsden & Richardson, 1994; Heery, 1996; 1997b; a; Grimshaw, 2000) or pay level (Kelly, 2004).

However, only two relatively obscure articles have taken a systems approach towards both the employment relationship and employee rewards (Dalton, Stevens & Heneman *et al.*, 1997). The approach taken in these articles, however, tends to exemplify the second manifestation of the gap between the fields, the divergence in approach taken between them. From the rewards literature, the role of the employment relationship, particularly the collective aspects, tends to be downplayed in favour of ‘strategic’ issues and

managerial concerns (Lawler, 1990; Lawler, 1995a). The complexity of the employment relationship is often reduced to the consideration of Freeman and Medoff's (1981) monopoly or voice effects (Gomez-Mejia & Balkin, 1992) or agency considerations (Sherer, 2000). A recent article (Trevor, 2009) draws attention to the limitations of the strategic emphasis in the reward literature and that its failure to reflect a more sophisticated interpretation of the employment relationship has negative consequences in practice. He notes that 'new pay' practices have often failed to deliver their promised competitive advantage because of unintended consequences in implementation. Arguing that the unitarist philosophy underpinning strategic reward fails to recognise or deal with the conflicts that arise from the operationalisation of reward strategies in practice, he suggests that 'old fashioned', pluralist, conflict management approaches are required to recast the strategic management of reward into something that resonates with reality.

Whilst the weaknesses of the reward literature are often significant, the limitations from the employment relations literature are not so grave. However, the focus has frequently been upon individual reward items rather than systems; often from the perspective of their consequences for justice or equity. This has tended to underplay the complexities and tensions in the employee reward system as a whole, with some noteworthy exceptions (Corby, Palmer & Lindop, 2009).

This study attempts to apply a pluralist, systems approach to the analysis of the employment relationship that also treats the employee rewards *system* as an outcome with the requisite complexity. In so doing, it seeks to uncover the interactions between the two systems in a way that has not been common in either tradition to this point.

1.3. The context of the research

Two connected trends are particularly significant in setting the context for this research. The first largely concerns changes to the employment relationship, whilst the second concerns the management of pay and rewards.

The employment relationship has become progressively de-collectivised, notably so since the 1980s. There is no intention here to go over the long established ground of union decline in detail, however that decline has gone hand in hand with a decline in collective bargaining (Brown, 1993; Milner, 1995; Cutcher-Gershenfeld, Kochan & Wells, 1998). Considering the centrality attached to the management of pay for the employment relationship, and particularly for collective labour (Brown, Marginson & Walsh, 2001), the decline of collective bargaining represents a fundamental change in the nature of the employment relationship with regards to pay setting.

Whether determined collectively or not, pay setting has also changed its intent, its form and its locus. Previously the intent was often to ‘take wages out of competition’ (Bryson & Forth, 2008) through the establishment of common wage rates across an industry and passing on the cost to consumers through the extraction of rents. This approach reached its apogee in a system of national pay bargains often covering hundreds of thousands of employees. However, developments in product markets, particularly the growth of global product markets, largely invalidated this intent, consequently shifting the locus of pay-setting to the level of the firm (Brown & Nash, 2008). Employment relations processes have subsequently altered: the decline of distributive and the growth of integrative processes (Brown & Nash, 2008); the increase in unilateral management control; and the growth of non-union collective representation (Dundon & Rollinson, 2004; Bonner & Gollan, 2005; Gollan, 2005).

These changes in the employment relationship have dovetailed with the second major trend of interest here, the nature of reward management. Reward management has fundamentally altered alongside the de-collectivisation of the employment relationship. From being a relatively low status, administrative role in the 1970s, reward specialists now command a substantial premium for their services (Corby, Palmer & Lindop, 2009). The decline of unionised, collective pay-setting frameworks has provided much greater scope for management discretion over rewards. The same market pressures that challenged the

viability of national pay bargaining have determined the direction of what management have attempted to do with this freedom. Management have sought to use rewards to acquire talent and direct their efforts according to the needs of their product markets. In so doing, employee reward has been cast as a key strategic lever for competitive advantage (Lawler, 1990; Schuster & Zingheim, 1992; Lawler, 1995) with a predominantly unitarist philosophy at its heart.

These two trends form the base of the current state of play between the employment relationship and employee rewards. However, simply following the direction of the trends would tend to result in a rather simplistic determinism; indeed these trends have been bucked over recent years, suggesting new possibilities in the way that these interactions might play out. The decline in collective bargaining appears to have slowed and, perhaps, ceased in all but the smallest organisations (Blanchflower, Bryson & Forth, 2007), notwithstanding the fact that it had already reached a very low level. The nature of the employment relationship also appeared to have taken a turn in terms of intent. The growth of interest in ‘partnership’ employment relations in the UK, particularly since the 1997 election of the New Labour government has been marked (Stuart & Martínez Lucio, 2005). For some, partnership offered an opportunity for unions to re-engage as active agents in organisations (Ackers & Payne, 1998) and to participate in change initiatives (Kochan & Osterman, 1994). Partnership, therefore, posits a new, strategic role for unions, re-defining their organisational centrality in relation to the new paradigm of value-added and competitive advantage.

Partnership, however, is a slippery concept. Whilst many of its features are widely accepted: cooperation, trust, openness (Cooke, 1990); other features are more problematic. Some partnerships have been regarded as ‘counterfeit’ (Wray, 2005); others have been distinguished in terms of their outcomes for parties, ‘labor-parity’ or ‘employer-dominant’ (Kelly, 2004). Much debate has been had over the benefits of partnerships for the various parties (Cohen-Rosenthal & Burton, 1993; Kochan & Osterman, 1994; Guest & Peccei, 2001; Martínez Lucio & Stuart, 2004; Suff & Williams, 2004; Dobbins & Gunnigle, 2009;

O'Dowd & Roche, 2009; Roche, 2009). It is not the intention here to rehearse these discussions once more, merely to note the potential degree of variety in the employment relationship and its association with various outcomes. These debates raise questions concerning the interaction between the facets of the employment relationship and its outcomes. When this is related to rewards we might ask how do differences in the nature of the employment relationship become reflected in rewards?

The strategic focus of the employee reward field has already been noted, as has the frustration of some of those strategic goals in practice (Armstrong & Brown, 2006). Trevor's (2009) suggestion, that reward management theory should regain its discarded pluralist heritage in order to re-connect with the reality of reward in practice, poses a similar question: how are different rewards reflected in the employment relationship? The interrelatedness of relations and rewards is seemingly obvious, yet under-investigated.

1.4. The background of the researcher

These distinctions and tensions between employment relations and employee rewards however, did not initially become apparent to me through abstract, academic evaluation of the relevant literatures; rather through my experiences as a practitioner in the field. Having spent some time as a senior lay official for a large general union and then as a researcher for the same union, the centrality of the pay bargain from the employee side of the employment relationship was taken for granted. The expression of pluralist assumptions through the right to bargain over the terms of employment was regarded as both normal and moral. Performance related pay was in ascendance at that time and was seen as a substantial threat, particularly the extent to which it provided for unilateral management discretion over pay; this threat was interpreted in a variety of different ways. Firstly, in terms of its potential for weakening the union's 'sword of justice' role (Metcalf, Hansen & Charlwood, 2001). Secondly, the potential of management prerogative for damaging the union's own interests, especially its position as sole bargaining agent. Thirdly, that these initiatives handed additional power to management, and that this was their real hidden agenda (Cannell &

Wood, 1992). The final concern was that management were not to be trusted with this extra power, that implicitly or explicitly they were expected to do 'bad' things with it.

In short, pay and reward issues were seen exclusively through a pluralist employment relations lens. The consideration of power, diverse and competing interests, bargaining rights and processes were the basis of interpreting and evaluating those issues.

The contemporary study of employee rewards that I have encountered in a Business School environment, however, tends to adopt a different approach. The strategic paradigm predominates, concerns about best-fit are uppermost and managerial prerogative is assumed. The CIPD accredited syllabus regards employment relations and reward as quite distinct 'professional areas'. Indeed two widely used publications from the CIPD's former chief examiner in reward management contained either only one (Armstrong, 2007) or no (Armstrong & Murlis, 2007) references to employment relations. This deficiency is not generally so marked when looking for reward references in employment relations texts.

The gap between my formative interpretations of reward innovations and the assumptions about rewards manifested in its literature and in the syllabi of the professional body is significant. This gap represents the difference between a context-rich, value-laden, power-bearing aspect of the employment relationship on the one hand, and a predominantly technical extension of management's strategy development on the other. This disjunction between two subjects with such a strong natural relationship with each other appears counter-intuitive; a separating off of 'employment relations' to deal with unions and grievance issues within the relationship, whilst employee reward is left as a unilateral mechanism for setting the terms of the relationship. The difficulties in the implementation of rewards that Trevor (2009) notes may, in some part, relate to the sundering of these topics, and particularly the way in which they are taught to HR professionals as separate entities.

Teaching the *implementation* of reward requires that the boundary between reward and relations be crossed. As Trevor (2009) argues, the management of conflict in reward

implementation is of paramount importance to its strategic success. This implies consultation, communication, negotiation, relationship building: the gamut of employment relations practices. However, in the absence of an established body of knowledge, it is not entirely clear how the two fields might interact. This gap provided the rationale for an exploratory study to begin to theorise the links.

My background has undoubtedly influenced, not only the choice of topic, but also my approach to the research. Having straddled these two domains indicates an absence of naïvety concerning these issues. Whilst avoiding dangerous presumptions, this background adds value to the research through the insights that it affords me.

1.5. The location of the research

This rationale suggested a study that would, unfortunately, be too ambitious for a PhD thesis. There are many variables implied by the research question, suggesting the applicability of a case study strategy. Exploring the intersection between the employment relationship and employee rewards could take one of two broad approaches towards the study of cases: longitudinal or cross sectional. A longitudinal study would be impractical considering the time constraints of the programme of study, leaving the cross sectional approach. The exploration of this intersection implies considering a variety of different types of employment relationships along with a variety of reward designs. The investigation of multiple cases would not be possible to achieve with the required depth of analysis implied by the aims of the research project within the size constraints of the thesis and resource constraints of the researcher.

Within these constraints, then, choices would have to be made concerning the scope of the research aims and the location of the data collection. With reference to earlier discussion, much reward innovation has taken place alongside the de-collectivisation of the employment relationship, often to the exclusion of the collective relationship. Indeed, much research in rewards has taken place in that type of organisation. The advantages of researching here would be the opportunity to capture a wide range of reward innovation and

to explore the proactivity of management unencumbered by a collective counterbalance. Case studies drawn from this environment would be rich in reward management experimentation.

Making sense of the nature of the employment relationships in these environments may, however, be less straightforward. The predominance of unionised models and frameworks in the employment relations field has previously been discussed. In this context, attempting to build an exploratory study on the basis of the few models that exist for non-union relationships would be risky. Similarly, one might presume that this type of organisation may be more likely to take its cue for reward design from the ‘new pay’ approach, that is, by prioritising the needs of corporate strategy; paying less attention to the employment relationship issues.

The alternative approach would be to focus upon unionised relationships. Strong frameworks for analysing the various facets of the relationship have been developed over an extended period, so making sense of the relationships themselves need not be problematic in principle. The relationships themselves are likely to be relatively well developed with rich, complex details. Rewards will also be regarded as a legitimate aspect of the employment relationship, so the research should be able to access links between the two. Part of the criticism of employment relations research involving rewards, presented above, concerns the segmentation of reward practices from the reward systems they are part of. However, there is no problem in principle in making use of frameworks from the reward literature in order to model a reward system in a unionised environment.

By focussing upon unionised relationships within this study, the intention is to establish and test analytical frameworks in order to explore the interactions between the various elements under consideration. It is not intended to close off opportunities to extend the frameworks to non-union relationships in future studies.

Within the unionised sector there is a considerable degree of variety of potential case organisations predominantly located in: the public sector, the public services, and private

sector manufacturing. Locating the research at the level of the business unit was considered important in order to bring the relevant employment relationship and pay setting unit within the same frame. Across much of the public sector and public services pay setting takes place above the level of the business unit, creating a separation between the two elements under consideration here. This left private sector manufacturing as the most likely location for the selection of cases.

The choice of specific research locations was also guided by a number of considerations. Whilst the ultimate research objective is to understand the interactions between employment relationships and employee rewards in various settings, the more immediate aims are to establish a meaningful framework for analysis. The variables of likely interest were suggested by the 'context (ideology-process-outcomes)' approach; with this in mind, key informants suggested cases that were likely to yield rich data in respect of these dimensions.

Two cases were selected, both of them located in the private manufacturing sector in the North East of England. The cases shared a number of similarities: both were large organisations and heavily unionised with long traditions of unionism. Both organisations' key union officials were workplace representatives rather than full-time officials. However, there were also substantial differences between them: one organisation was in food manufacturing whilst the other was in heavy engineering; the levels of skill were quite different between the organisations, which was also reflected in the nature of work and work technology. One of the organisations was also substantially older than the other and the patterns of ownership were distinct, one being part of a multi-national conglomerate whilst the other was an independent organisation.

1.6. Research aims

This discussion provides the foundation for the statement of some specific research aims. This is an exploratory study to theorise the interaction of employment relationships

and employee rewards systems in two unionised private sector organisations. The aims of the study are:

1. To explore the influence of organisations' context upon their employment relationships and reward systems.
2. To investigate how the values and beliefs of employment relations parties interact with other aspects of the employment relationship and with the reward system.
3. To examine nature of employment relations processes and their connection to the reward system.

1.7. Structure of the thesis

The scope of the thesis and potential research boundaries are discussed at the beginning of chapter two, followed by a systematic review of the relevant literature. This discussion of the literature will provide for the development of a conceptual framework, comprising the four key aspects under consideration here: the context of the employment relationship; the ideologies of employment relations parties; employment relations processes; and employee rewards.

In chapter three the research aim will be re-stated and consideration will be given to the study's epistemological and ontological assumptions. The nature of these assumptions and the requirements of the particular research aim will be reflected in a discussion of research strategy and research design. The review of the literature and the conceptual framework will be operationalised through the development of testable propositions and appropriate research instruments. Consideration will be given to pertinent questions of ethics arising from the research design.

Chapters four and five will present data from the study. Two organisations were selected and the findings from each will be presented in these chapters respectively. Chapter six will provide a comparative discussion of the findings from both cases. Similarities and

differences will be highlighted and the propositions developed in chapter three will be utilised to provide explanations for the patterns observed in the cases.

Chapter seven will present the main conclusions from the study, drawing together the key lessons from the cases and assessing the extent to which the study's propositions provided explanations for the observed data. Gaps between the propositions and findings will be highlighted and alternative explanations will be presented where appropriate and reasonable.

Chapter 2. Literature Review

2.1. Research boundaries

There are a number of existing debates that provide potential frameworks and boundaries for this project.

The union renewal literature is voluminous and has encompassed a number of studies considering the adoption of innovative work practices in unionised environments and the potential that this presents for unions to build stronger alliances with employers (Eaton & Voos, 1989; 1992); or as a means of establishing relevance to an altered workforce (Bassett & Cave, 1993). There is a substantial intersection between these debates and those of the partnership literature (Terry, 2003). Whilst this is a direction with clear potential, an audience, and an application for the research the primary interest of this project is with the nature of the employment relationship and its intersection with the adoption of reward practices, rather than with the particularistic interests of trade unions. Moreover, the union renewal literature has been developing for such a considerable time that it is doubtful whether the study could reasonably expect to provide anything of the desired level of originality if it adopted this route.

Another potential locus is the union commitment literature (Barling, Fullager & Kelloway, 1992; Redman & Snape, 2005). There is relevance between the kinds of agreements and relationships that unions enter into with employers on behalf of their members, and its impact upon the nature of the relationship between the union and its members. Certainly the partnership literature has considered the issue of the winners and

losers under partnership agreements. A number of studies have questioned the benefits of such agreements to union members (Kelly, 1996; Kelly, 1998; Martínez Lucio & Stuart, 2002), raising questions about the extent to which this may damage the union-member relationship at both utilitarian and normative levels (Fullager & Barling, 1991). There is some North American literature which has been concerned with bargaining outcomes and union commitment (Deery, Iverson & Erwin, 1994), there is an opportunity to extend these studies here in a UK context. Once again, however, this would tend to draw the study away from its primary interest in the nature of the employment relationship and reward outcomes, and provide outcomes with relatively marginal significance, not only for the employee relations actors generally but also, perhaps, for the unions themselves.

The third area within which the study might be located is the collective bargaining literature. There is a substantial literature concerned with both the quantity (Milner, 1995; Edwards & Fuess, 2003) and quality of collective bargaining (Walton & McKersie, 1965; Bach, 1998; Dundon & Eva, 1998). This study could provide relevance to the debate about the quality of the scope of collective agreements, particularly in respect of encompassing innovative reward practices and the extent that these can be expressed within a collective framework as opposed to a more typical association with individualised arrangements (Ohren & Reese, 1990; Zhao & Lovrich, 1997; Evans & Hudson, 2001). Taking collective bargaining as a central framework could also provide a basis for assessing the nature of relationships with ‘partnership’ features and particularly their relevance for trade unions. The decline of collective bargaining and their replacement with ‘individualised’ or management determined pay agreements has been documented (Brown *et al.*, 1998; Cooper, 2000; IRS, 2001; Kersley *et al.*, 2005; Charlwood, 2007) this poses a strategic challenge to the utility of trade unions in respect of both membership and organisational constituencies.

A fourth approach would be to locate the study within the partnership debate, with the primary aim to enhance the current range of conceptual models. Kelly’s (2004) approach to modelling partnership forms reflects bargaining outcomes as expressions of the

employment relationship, this study may be able to build on this approach in a way which conceptualises partnership forms through the definition of bargaining outcomes in more precise terms, that is through the use of appropriate models within the reward literature. This could be further extended to encompass examples of non-union partnership forms (Dietz, Cullen & Coad, 2005).

The final area of location would be the reward literature. This area is somewhat limited in respect of providing explanatory frameworks for understanding the impact of unionisation on reward design and implementation. Many key texts fall back on traditional assumptions about union priorities, Gompers' 'More!' (Heckscher, 1988) being a particularly well-used example. Other studies have identified greater sophistication in union choices (Heery, 2000), although very few have attempted to develop any kind of explanatory model (Eaton & Voos, 1992; Heneman et al., 1997). This study could contribute to that literature and extend the models that currently exist.

There is, thus, a range of appropriate literature that this project may seek to draw upon and contribute to. The reward, partnership, and collective bargaining literatures are of direct relevance to the project. The other two areas discussed, though possessing potential relevance to the project, will not be pursued. It is considered that the union renewal, union commitment literature would misdirect the project away from its central aim – to understand the process by which the employment relationship and reward systems interact. Rather, there is a risk that the study would begin to focus upon the 'outcomes' of the relationship from a union perspective, that is, how much do unions get out of it? This may be a potential area of research for the future, but is regarded here as partial.

2.2. Theoretical perspectives

This project stands within the employment relations tradition, drawn to encompass broad aspects of the employment relationship, rather than exclusively focus upon union-management relations. As such it will inherit certain theoretical perspectives. The first, as Kochan (1998) suggests, is its orientation on problem-solving. The problem-focus of

employment relations research intimates the second feature of employment relations research, a multi-disciplinary approach. This multi-disciplinary approach allows “the broader contours of the problems” (Kochan, 1998) to be adequately examined and practical solutions be identified.

The focus here upon reward management provides distinctive opportunities to develop interdisciplinary approaches. Reward management has drawn upon a broad range of concepts, some of which intersect with the traditional concerns of employment relations: distributive and procedural justice (Bazerman, Loewenstein & Blount White, 1992); equity (Weick, 1966; Bazerman, Loewenstein & Blount White, 1992; Cowherd & Levine, 1992; Harder, 1992) and agency theories (Bloom & Milkovich, 1995; Gerhart, Minkoff & Olsen, 1995; Yanadori *et al.*, 2002; Yanadori & Marler, 2003; Handel & Gittleman, 2004; Heery *et al.*, 2008). Indeed, theorists from both relations and reward cite the interconnectedness and centrality of the fields. Gerhart and Milkovich (1991: 1) assert that “This exchange or transaction process is at the heart of the employment relationship”; whilst Brown and Marginson (2001: 3) suggest that “The management of pay is of fundamental importance to the conduct of industrial relations”.

However, the approach taken to the study of these fields is often quite distinct. It is not simply that certain concepts within the reward management literature, such as: commitment (Brockner, Tyler & Cooper-Schneider, 1992); contingency (Balkin & Gomez-Mejia, 1987), expectancy, game, human capital (Konrad & Pfeffer, 1990), marginal productivity, and tournament theories (Becker & Huselid, 1992) are relatively novel within employment relations. It is also that the *focus* of study in these areas has been relatively distinct. Employment relations studies that involve rewards have tended to focus upon specific reward practices, such as pay level or merit pay. The few studies that have encompassed a broad approach to reward (Heery, 2000) have tended to use analytical frameworks that are unfamiliar to the reward field. Similarly, reward scholars have tended to focus their attention upon strategic or managerial issues. Where the employment

relationship is considered (Gomez-Mejia & Balkin, 1992; Dalton, Stevens & Heneman, 1997; Heneman et al., 1997; Heery, 2000; Karimi & Singh, 2004), the concepts are often under-developed, even simplistic. The deployment of current and sophisticated concepts and models from both fields provides the opportunity for developing interdisciplinary analysis here.

The third feature of employment relations research is its historicism, as a mechanism to place contemporary problems into perspective, and as a reflection of the enduring nature of employment relations problems. Kochan (1998), however, argues that its most distinctive feature is its normative orientation towards the conflictual nature of the employment relationship, and in terms of this study, the implications of that for bargaining over the terms of the employment relationship. Two theoretical schools can be considered here: pluralism and Marxism. Pluralism represents the dominant normative orientation in the study of employment relations (Heery *et al.*, 2008). Conflict, for pluralists, whilst embedded in organisational structures and authority relationships, is partial in nature (Walton & McKersie, 1965; Heery *et al.*, 2008). Employers and employees enjoy a relationship characterised by partially conflicting and partially shared interests. From this perspective, the problem to be solved is essentially about the periodic resolution of conflict and the expansion of joint problem solving. More recently, the debate concerning the nature of pluralism has been engaged, and concepts such as ‘neo-pluralism’ have been suggested as a credible, contemporary paradigm for an ‘industrial relations’ which is not defined purely by union-management relationships, nor incapable of responding to non-union relationships (Ackers, 2002).

For Marxists, by comparison, conflict is fundamental and complete. The source of conflict is in the nature of the ownership of the means of production, and the purpose of research is to understand the struggle for control of the labour process (Braverman, 1974; Offe & Wiesensthal, 1980; Kelly, 1998).

There are several implications for this project of the various aspects of theoretical heritage set out here. The first three features of employment relations research lend support to an inductive strategy and a case study method, aiming to develop a rich, contextualised and multi-disciplinary understanding of the relationships in question. The fourth feature, the approach to conflict in employment relations is a consideration of a different order to methodological preference. The theoretical orientation adopted will have an elemental effect upon the nature and direction of the project. A pluralist approach would tend to complement the aims of charting the nature of the compromise that reward setting within an employment relationship represents. This perspective would enable the project to engage with: the concepts of multiple and competing sources of authority; sites of commitment; and patterns of individual and collective patterns of conflict and cooperation which are implicit in the nature of the employment relationship and reward system design. By contrast, a Marxist approach would provide an orientation towards the meaning of reward setting predominantly in respect of bargaining power, although this may be at the risk of a tendency towards a crude reductionist understanding of the issues involved.

This study will adopt a pluralist perspective. The aim of the project is to understand the nature of the compromises that are reached within and between the employment relationship and the reward system. It is considered that this is best understood from a perspective that acknowledges the potential for the partial resolution of conflict as a mechanism for the (temporary) restoration of organisational equilibrium, rather than from a perspective which might simply reduce the processes to issues of bargaining power and false consciousness.

2.3. Scope

This study lies within the industrial relations tradition. It is concerned with the intersection between the employment relationship in unionised environments and employee reward outcomes. As such, it will bear the hallmarks of this tradition, emphasising familiar aspects of the work relationship: the nature of the parties, processes and outcomes (Heery *et*

al., 2008), along with the influence of context (Heery, 2008). The focus of the study delineates the extent to which these familiar aspects are explored and the form that exploration takes.

The focus on traditional unionised cases determines the range of relevant parties. Whilst there is an intention to leave open the potential to extend the analysis towards other forms of the employment relationship, particularly non-union forms of employee representation (Heery & Frege, 2006) for future study, the present focus is upon managers, union representatives and employees. There is no intention to consider the role of structure here, so the nature of union or organisational structure is only to be considered tangentially, for example where structure may be reflected in strategy. The focus is upon the agency of parties and so their attitudes, intent and objectives – their ‘ideology’ (McBride & Stirling, 2002) and ‘frame of reference’ are the main concerns with regard to the understanding the nature of the parties.

The parties, however, are constrained by context. The influence of context has been a longstanding concern in the field. Indeed, Dunlop’s (1993) seminal work places the industrial relations system in the context of the wider social system and identifies a number of aspects of the context to be considered as constraining factors on the behaviour of the parties and upon the outputs of the employment relations system.

The study of processes lies at the heart of the employment relations tradition (Dunlop, 1993). Processes are typically considered in terms of ‘rule-making’ and distinguished between ‘substantive’ rules that are concerned with the content of the employment relationship itself (such as wages and job content etc.), and ‘procedural’ rules which govern the way in which parties interact (Heery *et al.*, 2008). With this study’s focus on established, unionised environments procedural rules are of particular interest and provide an important node of analysis concerning the nature of the employment relationship. However, substantive rules might be considered in a slightly different analytical way. Whilst substantive rules have sometimes been regarded as ‘process’ we might consider re-

categorising certain of them in order to avoid the potential confusion from everything ‘being process’. Firstly, wages (or more broadly, rewards) are one of the main foci of this study. As such, it makes sense to separate them analytically from other processes and to regard it as an outcome of other aspects of the employment relationship, as does Kaufman (2004). Secondly, we might also want to regard job content as part of the internal context of the employment relationship, as it influences the other aspects of the employment relationship (Kochan & Osterman, 1994; Bélanger & Edwards, 2007). With these caveats, processes here will largely be concerned with procedural rule making – the interaction of the parties. In a unionised, collective bargaining context this can be largely encompassed by the study of bargaining activity. Walton and McKersie’s (1965) model remains the most comprehensive approach to bargaining and will be set out in detail.

The study is also concerned with the outcomes of the relationship. As discussed, the outcomes of interest are specific – the employee reward system. This study is aimed squarely at the workplace level, there is no desire to consider broader proximate outcomes such as productivity or profit, and distal outcomes are also beyond its scope. As Brown et al. (1995) suggest “Payment of labour is a core element of the employment relationship, and it is the most conspicuous focus of labour’s concern” (189). However, little attempt has been made to incorporate the increasingly complex and sophisticated ‘reward for labour’ into our understanding of the employment relationship as the field and practice of employee reward has developed.

The final area is not a specific aspect of the relationship rather a theme running across those aspects already introduced. As the predominant recent debate in employment relations, it would be nonsensical to omit some discussion of the partnership/mutual gains approach. However it is not intended to go over that debate for its own sake or even to enter the discussion of the advantages and disadvantages of partnership from the perspective of the various parties. Rather, in discussing partnership there is a desire to reflect the approach of various authors (Haynes & Allen, 2001; Martinez Lucio & Stuart, 2002) and treat

partnership as part of the evolving feature set of employment relationships. Indeed, whilst there is much disagreement about what partnership *is* as a coherent whole (Guest & Peccei, 2001), there are clearly *features* that are associated with partnership (for example, trust and integrative bargaining) that may be present to a greater or lesser extent within an employment relationship. Whilst their presence may not designate the relationship as a ‘partnership’ they are certainly features in their own right.

These elements: context, ideology, process and reward outcomes will initially be considered more or less independently of each other. However the nature of an employment relations *system* suggests links between the various elements. These links will be discussed, where appropriate, towards the end of the chapter. Whilst many of these links are bi-directional in nature, for the sake of legibility their discussion will be organised as far as possible on the basis of the element that most logically appears as the independent variable.

2.4. Context

Three features are typically presented as important contextual influences upon the employment relationship: product markets; labour markets and the nature of organisational structures and work technologies. In this section we will consider the nature of these features.

2.4.1. Product markets

William Brown (Brown, 1986; Brown, 1993; Brown *et al.*, 1998; Brown, Marginson & Walsh, 2001; Brown, 2008) has taken a longstanding position on the predominant effect that a firm’s competitive product market situation has upon pay-setting, bargaining structure and the contractual basis of the employment relationship. The potential for the intensification of competition in product markets to transform the employment relationship is captured by Kelly and Kelly (1991) who cite Bassett’s (1986: 174) assertion that the new industrial relations entails “the replacement of the class struggle with the struggle for markets. No longer us (the workers) against them (the management), but us (our company) against them (the competition).”

The implications of the new competitive environment are transmitted through the increasing demands of consumers, providing a new organisational imperative focussed upon achieving the kinds of employee behaviours that will satisfy the demands of the customer (Heery, 1993). Knell (1999) draws similar conclusions, emphasising the pace of change in markets which drives rapid product and process innovation, which in turn demands a response from the employment relationship; typically reflecting the approaches prescribed in the HRM literature. Grimshaw (2000) similarly notes the tendency of increased product market pressures to require flexibility at the level of the firm.

This context of product markets determining the constraints within which employment relations can develop has, however, resulted in the articulation of contrary sets of proposals. For example, whilst various authors (Walton, 1985; Kochan & Osterman, 1994; Ackers & Payne, 1998) propounded that employment relations should embrace a new cooperative phase in order to meet the demands of the changed market conditions, others (Haynes & Allen, 2001) have drawn attention to the *vulnerability* of cooperative employment relations to external shocks and product market pressures. These alternative perspectives appear to hinge around whether managers believe that union involvement will be necessary to enable effect the changes required to fit the competitive environment (Deakin *et al.*, 2002; Oxenbridge & Brown, 2002), or even whether such putative increases in institutional security for unions will translate into meaningful gains for employees (Heery, 2002). Kelly (2004) particularly bemoans the absence of precise definitions of the market conditions in which cooperative employment relations will have positive effects.

2.4.2. Labour markets

Alongside product markets, labour markets have a profound effect on the employment relationship. Brown *et al.* (1998) highlight labour market conditions' impact on parties' bargaining power. Whilst such effects of changes in labour market conditions have typically been cyclical, Brown *et al.* reiterate that these have been reinforced by recent changes in product markets with the effect that there has been a widespread and substantial

increase in competitive pressure. They make the further point that a consequence of product market pressures has been the segmentation of the labour market, most obviously manifested by outsourcing (Handel and Gittleman, 2004). Other developments in the labour market are underlined by Nolan and Walsh (1995): the decline of internal labour markets; the fragmentation and casualisation of employment; and the growth of a less secure 'peripheral' workforce.

The increasing organisational focus upon relevant external labour markets as reference points for pay-setting poses an obvious challenge for traditional union concerns for equity and the linking of pay to job, skill and status whilst for employers this represents an opportunity to "free up employer strategies aimed at tightening the wage-effort-profit link" (Grimshaw, 2000: 944).

Other challenges for unions have developed as compositional shifts in the labour market have moved away from traditionally unionised sectors (Haynes & Allen, 2001), whilst de-regulation of the labour market has resulted in a dramatic decline in collective bargaining coverage (Metcalf, Hansen & Charlwood, 2001). In this context of insecurity, flexibility and increased competition for work, what unions desire from cooperative employment relationships have tended to prioritise issues of job security rather than securing greater rewards for their members (Terry, 2003).

2.4.3. Organisational structure and work technology

Legge (1995) asserts that, alongside product and labour market conditions, consideration should be given to organisations' configurations of ownership, size, and structure.

There has been substantial discussion of organisational ownership effects upon the employment relationship. Claydon (1998), for example, suggests that a change in ownership represents the most likely source of change to a management culture and industrial relations style. In Claydon's study such changes in ownership and, by extension, strategy tended to be associated with a move towards withdrawal from collective bargaining and union

derecognition. Heery (1997a) makes a similar point in discussing how organisational crises, such as a change in ownership might lead to a re-appraisal of the industrial relations policy.

On a broader scale, Brown *et al.* (2001) note the disintegration of national collective bargaining as a result of privatisation of public services, out-sourcing and other such developments. Deakin *et al.*'s (2002) discussion of ownership treads similar ground, whilst finessing the impact of ownership upon the style of the employment relations. They argue that the relative dispersion of a firm's ownership structure leads to a broader characterisation of stakeholders, which in turn translates into a greater predisposition towards partnership employment relations.

The impact of the growth of multinational ownership has also been of interest. Martin *et al.* (2003) highlight the effect of multinational head office superiors in circumscribing the determination of local industrial relations policy. Such interventions were seen to limit the discretion of local managers, not just in the design of policy, but also in decision-making and bargaining.

McLoughlin and Gourlay's (1992) study however, did not find such a priority on ownership patterns, linking union recognition rather to the effects of size and age of the establishment rather than ownership, although it should be noted that this study was concerned with ownership *per se* rather than *changes* in ownership. Smaller, younger and more white-collar establishments were associated with non-unionism.

Williams (1997) similarly notes the link between reductions in workplace size and low levels of union membership. This is also noticeable in the 2004 WERS results (Kersely *et al.*, 2005), although Machin (2004) suggests that the impact of workplace size upon levels of union membership is diminishing. Union renewal following 1997 was also size-related, Blanden *et al.* (2006) identifying the strong association between larger firms and likelihood of new union recognition agreements. Strength of union organisation is also most dependent upon workplace size according to Charlwood and Terry (2007), who find this reflected in the presence of multiple shop-stewards in larger firms – although they also find both non-union

and dual-channel communication forms associated with larger firms. A perhaps related finding by Bélanger and Edwards (2007) suggests that autocratic management styles are more difficult to sustain where managers are in direct contact with workers on an everyday basis.

A final size effect is noted by Brown *et al* (2001) in their discussion of the increase in wage levels associated with establishment (or parent company) size. They suggest that this is due to the effect of larger companies being able to shelter their workforces from short-term labour market fluctuations.

The influence of technology in shaping employment relations has a long history (Dunlop, 1993). Bélanger and Edwards (2007) refer to technology as “all forms of machinery and equipment, software and hardware, used in the design and production of goods and services” (717). The effect of technology is seen to lie in the extent to which it provides potential for employees to gain autonomy in their work, with consequent effects upon control over work, job autonomy and power. Bélanger and Edwards (2007) suggest that low levels of autonomy (especially alongside competitive product market conditions) are likely to make cooperation in the employment relationship unlikely, a position that echoes Kochan and Osterman’s (1994) observations.

2.5. Ideology

According to Budd and Bhave (2008), ideology is a ‘dangerous’ term because of the different uses it is put to and the inadequacy of definition applied to it. They define ideology, and its related concept ‘frame of reference’, as the visible representations of the underlying values and assumptions of parties. They are distinguished from each other to the extent that a frame of reference is an internal guide to action and evaluation whilst ideology represents the “public exposition” (94) of these values and assumptions “a theory that is used to advocate and justify behaviours” (94). These assumptions, values, ideology and frame of reference within the familiar broad theoretical positions towards the employment relationship: egoism, unitarism, pluralism, and the various flavours of critical theory.

The strength of this schema is that it allows us to make sense of parties' alternative perspectives and to assess the impact of these perspectives upon the wider functioning of the employment relationship. Dunlop's (1993) assertion that industrial relations systems are only stable if they share a common ideology is pertinent here. The nature of parties' ideology/frame of reference is also significant in understanding change in employment relations and is seen as a factor in the growth of non-union forms (Kochan, Katz & McKersie, 1984; Poole & Mansfield, 1993; Poole *et al.*, 2005).

Kim and Voos' (1997) study of the effects of unions on the operation of gainsharing schemes treads similar ground. Unions are capable of influencing the climate of cooperation positively or negatively, that is, the ideological orientation affects the nature of the engagement, and the outcome; improvements to cooperative approaches being associated with the increased effectiveness of the scheme. Heneman *et al.*'s (1997) discussion of alternative rewards in unionised settings also identifies ideological issues and highlights trust as an important value. Mutual trust between the bargaining parties is regarded as an important aspect of organisational dynamics for the acceptance of alternative rewards. The relationship between the workforce, union and management respectively is also important; high employee trust in the union increasing the likelihood of acceptance whilst, predictably, low employee trust in management decreasing likelihood of acceptance.

Dietz (2004) develops the concept of trust further. His definition attempts to specify the condition of trust and effectively distinguish it, on the one hand, from other forms of gaining cooperation, such as coercion, or, on the other hand, from mere gullibility and misplaced faith in the other party. Four qualifying statements are significant here: first, that parties are mutually dependent (similar to Atkinson's (2007) concept of reciprocity) and have a shared (though not necessarily equal) vulnerability; second, that the decision to trust is based on expectation rather than hope; third, that those expectations are based upon evaluations of the other's behaviour; and fourth, that the evaluation encompasses certain characteristics – benevolence, integrity, competence and predictability. The subtleties of

trust implied by this model suggest a continuum of trusting relationships ranging through five degrees of trust: deterrence, calculus, knowledge, relational, and identification. Dietz suggests that real trust begins with knowledge-based trust, the point when “suspicions recede to be replaced by positive expectations based on confident knowledge about the other party” (7). He goes on to draw the parallels between trust and partnership relations, identifying trust as a key attitudinal change and an effective test of partnership in practice. His empirical findings also link ideology to process, specifically that trust is vulnerable to process failures.

Positive trust between parties appears as a common thread running through employment relations ideology generally, and partnership relations in particular. However, limitations of or the absence of trust are also significant for the employment relationship. Wray’s (2005) case of a ‘counterfeit’ partnership would clearly fail to demonstrate even the lowest level of trust as defined by Dietz (2004). Dietz’ own empirical data points out another condition, the failure of trust to spread beyond an elite of bargaining parties. Suff and Williams (2004) similarly find the prevalence of distrust among employees in their study of a partnership relationship. Indeed, Martinez-Lucio and Stuart’s (2004: 421) broad assessment points to the predominance of low-trust, one-sided risks within partnerships and, therefore, the continuation of relations processes characterized by ‘shrewd’ bargaining. This evaluation was substantively supported by Guest *et al.*’s (2008) analysis of WERS 2004 data. They found no association between any form of *representative* participation and trust. Employee trust, in fact appeared to decline where representative participation was utilized. They conclude that “the core assumption that partnership practices will be associated with higher trust between management and representatives or higher trust in management among employees receives only very limited support” (148). Samuel’s (2005) study of partnership at Legal and General also, perhaps, damns with faint praise when it argues that partnership is “not unattractive” (74) to union members. Kelly’s (1998) milestone work is also interested in ideology, initially as false consciousness (Engels, 1968). He links employee grievance to

their liberation from belief in the legitimacy of the status quo, from which the identification of legitimate collective interests can be forged, leading on to employee mobilization. In a later article Kelly (2004) discusses the influence of trust between bargaining parties as a rationale for partnership relations and for particular types of outcomes, concluding that although, in general, the acute product market conditions surrounding partnership tions may preclude the possibility of *genuine* trust, there is also some case study evidence suggesting the development of trust between bargainers in partnership relationships; a partnership elite.

Bacon and Blyton (2007) draw upon Walton and McKersie (1965) to extend the conception of ideology to include the idea of ‘friendliness’ in the relations between bargaining parties. Walton and McKersie’s model of relationship patterns is well developed and the discussion here would benefit from setting it out in some detail.

The relationship patterns between parties can be classified according to the following scheme: conflict, containment-aggression, accommodation, cooperation, and collusion. These pattern outcomes are assumed to reflect the characteristics of the parties actors across a range of attitudinal dimensions:

1. Motivational orientation and action tendencies toward each other;
2. Beliefs about the other party’s legitimacy;
3. Feelings of trust toward the other;
4. Feelings of friendliness-hostility toward the other.

Whilst these patterns serve a purpose as descriptive indices of a relationship, they might also provide an indication of a party’s preferences. That is, the nature of the relationship may become an important objective, and that certain relationship patterns might usefully be interpreted as negotiating goals in their own right. This assertion takes the idea of linkages between ideology and process further, introducing a sense of circularity: ideology facilitates process, which facilitates a desired ideological response from the other party.

Walton and McKersie identify various influences upon the relationship patterns:

1. The technological, market and power contexts of the parties;
2. The basic personality dispositions of key individuals in the relationship;
3. The social belief systems of these individuals, which are usually shared to some extent by their respective organisations; and
4. The actual bargaining experiences they have shared.

The links across the relationship are reinforced here; in addition the influence of the relationship's context is highlighted.

Certain personality attributes are seen to have significance for the relationship (193). Authoritarian personalities are associated with low-trust, competitive relationship patterns. Similarly, dogmatic attitudes and parties with low self-esteem will tend to reinforce competitive relationship characteristics. Social beliefs will also tend to influence the relationship pattern, in a similar manner to that suggested by Budd and Bhawe (2008) in respect of the influence of theory.

In summary, this discussion has identified ideology as an important aspect of the employment relationship whose stability at least partly depends upon a common ideology being held by the parties. Ideology reflects the parties' values and assumptions and therefore their theoretical perspectives. Various facets of ideology have been highlighted: adversarialism vs. cooperation; trust; hostility vs. friendliness; beliefs about the legitimacy of the other party. Walton and McKersie's (1965) relationship patterns model provides the most comprehensive treatment of these facets.

2.6. Process

Processes in the employment relationship take a variety of forms. Walton and McKersie (1965) provide a definitive model for understanding these processes, which we shall consider in some detail. We will go on consider the extent to which more recent analyses are congruent with Walton and McKersie's model. The unionised employment relationship, with which we are primarily concerned here, has been largely associated with collective (or distributive) bargaining processes. We will attempt to chart the extent and

significance of the decline in collective bargaining as the most prominent employment relations process over recent decades.

Walton and McKersie's (1965) seminal text distinguishes four sub-processes of bargaining activities: firstly, competitive behaviour over the distribution of limited resources, known as distributive bargaining; secondly, problem-solving behaviours that result in mutually beneficial outcomes amongst the parties, known as integrative bargaining; thirdly, activities that affect the nature of the relationship between the parties, known as attitudinal structuring; and, finally, activities intended to develop consensus within the respective organisations that are party to the negotiation, known as intraorganisational bargaining.

2.6.1. Distributive bargaining

The structure which Walton and McKersie (1965) set out for the analysis of distributive bargaining focuses upon a number of issues. Firstly, the distinctive set of issues over which distributive bargaining occurs, which can be understood as being conflictual in nature. This gives rise to the second feature of analysis, concerning the extent to which intrinsically conflictual aspects exist within a broader employment relationship that remains mutually useful to both parties. The boundaries of this usefulness are traced here. The area within these boundaries is seen to constitute the potential bargaining area, however we might also attempt to understand the preferences of the terrain upon which negotiators will attempt to bargain and reach agreement, and these constitute an additional aspect of the analytical framework.

Issues under distributive bargaining are characterised by the assumption that the process of bargaining is concerned with the nature of the division of a fixed sum. The total available is fixed, but the amount available to each side is variable; hence the conflict of interest. The normal range of potential agreement for bargaining would assume that either party would emerge in a more or less advantageous position relative to the other side. However, another range of possibilities exist, the 'default' position, in which one party insists upon an outcome which is beyond the fixed amount available, and so ultimately leads

to mutual losses, either through the short term costs of a strike, or through the permanent breakdown of the relationship.

The nature of issues under distributive bargaining can be classified into three main types: economic, rights and obligations, and relationship patterns. Economic issues are regarded as inherently conflictual, whilst rights and obligations issues will tend to represent a mix between potential for conflict and cooperation. The influences that determine the way in which these issues are regarded as conflictual or cooperative will primarily be the parties' ideological position. Walton and McKersie deal with the third type of issue, relationship patterns within a broader consideration of attitudinal structuring.

Whilst distributive bargaining is characterised as a broadly conflictual process in which bargainers seek to maximise their outcomes at the expense of their opponent, the process as a whole provides the potential for mutually beneficial outcomes. The central point here is that there are limits to the usefulness of the bargaining relationship on both sides, and that bargaining must remain within those limits in order for the relationship to continue. In order to understand the competitive behaviour of bargaining parties under distributive bargaining, Walton and McKersie draw attention to three important sets of considerations around the item being bargained over: its potential utility; the probability of achieving the item; the likelihood and severity of incurring costs (disutilities) in achieving the item. The implicit and/or explicit calculation of utilities and probabilities allow bargainers to identify meaningful settlement points. Combining this strategic assessment with an evaluation of bargaining resources available to each side provides the basis for the adoption of hard or soft bargaining strategies and for the deployment of various bargaining tactics. Bargaining tactics are identified as having two broad objectives: to manipulate the other side's perception of the relative utility of various bargaining issues; to manipulate the other side's perception of the degree of commitment attached to bargaining issues.

2.6.2. Integrative bargaining

Walton and McKersie (1965) identify a second bargaining sub-process characterised by an emphasis upon mutual problem-solving. Whereas distributive bargaining agenda items tended to be something of a zero-sum process, items under integrative bargaining produce a pay-off of a varying sum nature. That is, in its purest form, integrative bargaining problems are resolved in ways that represent corresponding and equal gains for both parties. In reality, the resolution of most such problems will result in unequal joint gains, or even result in situations where one party may suffer minor inconveniences in order for the other party to achieve substantial gains. These characteristics of high benefit-low sacrifice represent a substantially different approach from the characteristics of distributive bargaining.

The behaviours entailed in this bargaining process are characterised by mutual acceptability and maximising the mutual gain rather than by compromise. So, we see a process that begins with a maximum information exchange in order to define the nature of the problem. The extent to which the problem can be defined in a mutually acceptable way provides the basis for its integrative potential. Imaginative solutions to the problem are then sought, and the consequences of the solutions are considered. The determination of the alternative solutions is achieved through the consideration of the largest possible sum of net utilities; that is, the best mutual gain.

Walton and McKersie also consider the combination of distributive and integrative bargaining behaviours whereby parties cooperate in order to maximise the total available utilities whilst retaining the option to revert to harder or shrewder distributive bargaining in order to maximise their partisan share of the gains. Walton and McKersie point out a range of difficulties and risks associated with this combination of styles, although Fells (1998) suggests that this might actually be a quite natural combination of bargaining processes.

2.6.3. Attitudinal structuring

Attitudinal structuring concerns the nature of the relationship between the two parties, which is regarded as being an important facet of labour negotiations for three principal reasons: firstly, because “fulfilment of the contract terms is strongly contingent upon attitudes;” secondly, because “instruments in the contest involve social ideologies and psychological tactics as well as economic sanctions;” and finally, because “the relationship between the parties is an exclusive and continuing one” (Walton & McKersie, 1965: 184). The first two of these reasons have been considered separately as ideological features.

The final reason considers attitudes between parties in a dynamic sense, the way in which the relationship develops. Whilst the attitudes between parties may develop to a greater or lesser extent as a consequence of the personality types of the individuals involved and/or the influence of various internal or external contextual variables, there is also potential for this development to occur as a deliberate aspect of bargaining activity.

Relationship patterns may be sought for a variety of different reasons. They may be valued in their own right, or because of their implications for the day to day practice of the relationship, or because of their implications for future bargaining outcomes, or even as a function of issues within the respective internal organisations of the parties. Optimising the choice of relationship in respect of these factors will require the consideration of two criteria; that the relationship is

one (1) in which the parties do not have attitudes which prevent them from fully exploiting the integrative possibilities but (2) does not make them lose sight of their primary responsibilities to the separate and distinct interests of their respective principals and the need to preserve the strength of these principal organizations (Walton & McKersie, 1965: 206)

This clearly entails a delicate balancing act, and the intentions of parties in this sub-process may be more difficult to discern than in the other sub-processes. That is, parties may desire a closer relationship or a more distant one, a more or less trusting relationship, or indeed no change in the relationship at all. Furthermore, the behaviours of parties in

attempting to influence the relationship pattern are probably less conscious or planned than those in the other sub-processes.

Walton and McKersie (1965) present their understanding of attitude change in negotiations based upon two theories: cognitive balance theory and, to a lesser extent, reinforcement theory. Balance theory is based upon the idea that a person will prefer consistency among his perceptions and beliefs. There will be a tendency to want to eliminate inconsistencies amongst those perceptions in relation to people or objects; this creates the potential to influence the other. Reinforcement theory is based upon the idea that a person will behave in ways that are rewarded.

Various attitudinal structuring tactics are presented whereby the bargainer might attempt to alter the perceptions of their opposing bargaining partner. For example, attempts might be made to present a perception that the bargainers have shared preferences or associations; that the party is responsible for something favourable to their opponent, or dissociated from something which causes harm; or that desirable behaviour is rewarded, whilst undesirable behaviour is punished.

2.6.4. Intraorganisational bargaining

Intraorganisational bargaining is concerned with the problems involved in the achievement of internal consensus within a party's organisation. This is important to the overall pattern of negotiating behaviour because it will take place predominantly during the process of negotiating, rather than beforehand. These bargaining behaviours address principal-agent issues that predominantly afflict the union side rather than the management side. A more detailed discussion of the reasons for this can also be found in Offe and Wiesenthal (1980).

Two forms of internal conflict are relevant here: boundary conflict and factional conflict. Boundary conflict occurs because of the potentially conflicting positions that a bargainer can occupy: with their bargaining opponent, and with their own organisation, which present the potential for role violations to occur in either direction. Factional conflict

develops within an organisation because of different interpretation of acceptable bargaining objectives and/or the means to attain them.

Bargainers' responses to internal conflict constitute intraorganisational bargaining strategies. Walton and McKersie identify three viable strategies. The first involves the direct attempt to modify the organisation's substantive expectations whilst discreetly ignoring their behavioural expectations. The risks to the negotiator here are concerned with the extent to which he is able to convince his principals of the need for modification of the substantive aspects of their position (in respect of utilities, probabilities and disutilities), and the extent to which his deviant behaviour may be noticed and incur a sanction. The focus here is on directly changing aspirations.

The second is a variation on the first, in this case the modification to substantive aspects are allowed to develop from the environment, or the negotiation itself, whilst negotiating behaviour is held consistent with the principals' expectations. The focus is on changing aspirations, but avoiding the risks caused by not fulfilling the behavioural expectations of the organisation.

The third option allows the negotiator to comply with the behavioural expectation of his organisation, whilst discreetly ignoring the substantive aspects. These substantive issues are allowed to 'take care of themselves', thus at the settlement point any divergence around the substantive issues may be presented as a *fait accompli*. Here, the behavioural expectations are used to first ignore substantive aspirations and then bring about a change in aspiration after the fact of achievement.

2.6.5. The adoption of Walton and McKersie's framework

Walton and McKersie's (1965) behavioural model of bargaining behaviour remains the landmark study that "laid the analytical foundation for much of the innovation in applied practice that has occurred over the last thirty-five years" in this field (Kochan & Lipsky, 2003). Indeed, as an analytical framework for employment relations processes, it has been applied either explicitly or implicitly throughout the decades subsequent to its publication.

Dyer *et al.* (1977) utilise this framework for assessing the prospects for union-management cooperation; identifying that issues with integrative potential are more likely to engender a cooperative approach, whilst intraorganisational bargaining issues represent a substantial barrier to cooperation over productivity issues.

Freeman and Medoff's (1981) famous 'two faces' model of unionism; monopoly and voice, also resonates with the distributive-integrative model albeit in a simplified form. Indeed, Lispy's (Ashenfelter *et al.*, 1985) criticism of Freeman and Medoff is that they don't go far enough in distinguishing union bargaining approaches through consideration of bargainers' attitudes or the varieties of distributive, integrative, intra-organisational bargaining approaches observable in different employment relationships.

The challenges posed to traditional union-management interactions throughout the 1980s by substantial management innovation raised the question as to whether these innovations "can coexist with unions and collective bargaining as currently constituted" (Eaton & Voos, 1989:172). Interestingly, Eaton and Voos' analysis of union responses to these changed circumstances reflects the distributive-integrative continuum (resistance; protective involvement in innovation to protect collective bargaining institutions; wholehearted cooperation; use of involvement to extend the collective bargaining agenda). They also pick out the intra-organisational risks for unions of member alienation and collaboration.

Empirical studies charting the long decline of collective (distributive) bargaining illustrate the putative growth of its alter ego, interest-based (integrative) bargaining by comparison. Cutcher-Gershenfeld *et al.* (1998) note bargainers' growing awareness of interest-based bargaining (IBB) though also that it is more popular amongst managers rather than unionists, a finding they re-discover in a later study (2001). Here the increased usage of IBB by union bargainers was apparent, although it also appeared to be negatively associated with its popularity.

As the interest in the managerialism of the 1980s was augmented by interest in partnership relations from the late 1990s, Walton and McKersie's concepts remained relevant and in use. Boxall and Haynes (1997; Boxall, 2008) populate their union strategy constructs of adversarial and cooperative forms of employer relations with: distributive (expanding the scope of collective bargaining) vs. integrative issues (exploring possibilities for concertation, pursuit of working parties to reform personnel policies, participation in firm's strategic activities); attitudinal structuring (indicating "awareness of new competitive realities and offering ideological support"); and intraorganisational bargaining issues ("this can...backfire if officials mis-perceive and misrepresent members on key issues", heightened risks of incorporation). Wills (2004) also documents the intraorganisational bargaining challenges that closeness between management and union officials can bring under partnership.

These intraorganisational bargaining issues have constituted one of the major criticisms of partnership relations, often formulated as the displaced activist thesis (Geary & Roche, 2003b; Geary, 2008). Samuel (2005) summarises this position around the presumption that partnership results in the "exercise of union power *over* (rather than *for*) its membership, fostering intra-union conflict and the unravelling of partnership initiatives." (59)

Intraorganisational challenges, however, have a heritage reaching even further back than Walton and McKersie. Ackers' (2007) discussion of Clegg's (1951) early work on industrial democracy draws attention to the union dilemma that while "there can be no democracy without responsibility, the acceptance of too great a degree of responsibility will weaken and eventually destroy democracy" (137). Ackers draws the conclusion that:

scholars in the current debate about Partnership might fruitfully revisit Clegg's nuanced institutional theory of the dual role unions play in organizations and of the tensions between union leaders and their rank-and-file members...there is no single, clearly demarcated frontier of control. Instead, there is plenty of room for overlap

and ambiguity, blurring the borders of conflict and co-operation, without sacrificing union independence. (95)

Haynes and Allen (2001), as previously noted, make an effort to draw partnership into the broader sweep of employment relations history. This is particularly apparent in the inability of partnership relations to overcome the ongoing distributive-integrative forms of engagement. They propose that:

The critical clash of expectations in union-management partnership revolves around the scope for the union to pursue those of its members' interests that it identifies as important but which are not necessarily reconcilable with those of the employer, as identified by management, and vice versa.

Conflict is not eliminated by engaging in partnership relations...In both of the cases outlined, conflict continued within the partnership relationship, even over putative "mutual gains" issues such as training and development. (179).

In a more hopeful mode Dietz (2004) effectively indicates integrative bargaining processes as a fundamental aspect of partnership relations; he describes:

continuous joint problem solving throughout the organisation, alongside open and timely exchange of honest and accurate information...employees and their representatives are not understood to be mere 'advisers to management'...but are rather seen as managers' fellow change agents (8).

Bacon and Blyton have explicitly explored the connections between Walton and McKersie's distributive-integrative framework and the opportunities for mutual gains or partnership relations. In an initial study (2006) they identify a direct trade-off between integrative and distributive bargaining behaviours; whereby the exchange of information required for integrative bargaining implicitly weakened the potential for union resistance to changes through distributive means. A further study (2007) reinforced their view that integrative approaches weakened the union side but, more pertinently from the point of view of this section, that Walton and McKersie's model was considered valuable as a mechanism for highlighting different patterns of negotiation and that it was amenable to operationalisation, providing a rich account of bargaining activity.

This body of literature indicates that Walton and McKersie's (1965) model provides a robust conceptualisation of bargaining behaviour that retains its relevance and utility. Core issues have continued to appear: the balance between conflict and cooperation (distributive vs. integrative); principal-agent issues and the risks of incorporation on the union side (intraorganisational bargaining); and the extent to which the parties play upon the ideologies of the relationship (attitudinal structuring). We shall now turn to the broad trend decline of collective (distributive) bargaining and its implications.

2.6.6. Decline in collective bargaining

Collective bargaining has been regarded as the cornerstone of the employment relationship. The Donovan Commission (1968) famously asserted the first tasks in the reform of British industrial relations to be bringing greater order into collective bargaining and to extend its coverage. The study of collective bargaining in the wake of Donovan has tended to focus on a number of measures: bargaining levels; bargaining units; bargaining forms; and bargaining scope (Department of Employment, 1971). Clegg (1976), however suggested alternative dimensions of bargaining structure to be applied: extent of bargaining; level of bargaining; depth of bargaining (the involvement of union and employee representatives in the administration of agreements); and the degree of union security.

In his analysis of the WIRS3 data, Brown (1993) observes that "in the course of the 1980s the coverage of collective bargaining has contracted substantially, that the scope of bargaining has narrowed, that the depth of union involvement has diminished, and that organizational security offered to unions by employers has deteriorated" (197). Milner (1995) places this decline in context, noting that, by 1990, collective bargaining was lower than at any point since the Second World War at 54 per cent. The decline in collective bargaining coverage was also greater than the decline in union density, resulting in a substantial decline in the numbers of non-union employees covered by collective bargaining agreements. Cutcher-Gershenfeld *et al.* (1998) also note the decline in collective bargaining over the previous four decades.

In the context of declining collective bargaining, market forces re-asserted themselves as a pay setting mechanisms. However, as Brown *et al.* (1995) highlight, employers had not simply become passive recipients of labour market conditions, that they didn't just accept the market rate. Alternatively, pay-setting mechanisms in the absence of collective bargaining appeared to be more closely connected to the firm's position in respect of product markets and the nature of a firm's internal labour market. Three alternative positions were suggested: a 'monopsony' position would allow a firm to pay below market rate; an 'insider-outsider' position in which product market strength allows for the extraction of economic rents (to be shared with employees if they have sufficient bargaining power); and an 'efficiency wage' position in which a firm might choose to pay above market rates in order to achieve higher productivity. The key impact of the decline in collective bargaining was to provide employers with greater choice in pay setting within the constraints of the product market as the locus of these decisions moved to firm level (Brown and Nash, 2008)

In a further study of the aftermath of declining collective bargaining Brown *et al.* (1998) note that the individualisation of pay setting can be distinguished in two ways: *procedural* (the removal of collective mechanisms); and *substantive* (the differentiation of individual employee contracts). Procedural individualisation predominated, representing an increase in the relative potential power of management in comparison with unions.

Drawing on the 1998 Labour Force Survey data, Metcalf *et al.* (2001) suggest a further decline in collective bargaining coverage to 35 per cent, although Forth and colleagues (Millward, Bryson & Forth, 2000; Forth & Millward, 2004) were claiming the figure to be around 40 per cent at this time based upon the WIRS/WERS data. The continuing individualisation of pay setting arrangements provides potential for greater wage dispersion between employees as employers may seek to reward individual performance or to distinguish between rates of pay for particular jobs more finely. Brown *et al.* (1995) noted a consequent dramatic increase in wage inequalities, and in the 1998 study a steepening of wage gradient across job levels. Metcalf *et al.* (2001), similarly, found higher dispersion

amongst the non-unionised sector, a finding repeated by Blanchflower, Bryson & Forth, (2007).

The precipitous decline in collective bargaining resulted in coverage of 34 per cent by 2004 (Charlwood, 2007) although the rate of decline had slowed and all but ceased after 1998, at least in organisations with more than 25 employees (Blanchflower, Bryson & Forth, 2007). This study notes, however, that the period of decline has resulted in profound sectoral differences in coverage. Private manufacturing saw the sharpest contractions, whilst the public sector saw some increases in coverage since 1998. Private services latterly also slowed the rate of decline, although the level of coverage here was already very low. Overall the coverage of collective bargaining had fallen to less than half that 30 years previously (Brown & Nash, 2008).

Whilst previous studies have focused on the consequent individualisation of the relationship we have also seen the development of non-union employee representative structures in place of, or alongside collective bargaining processes (Dundon & Rollinson, 2004; Bonner & Gollan, 2005; Gollan, 2005). Charlwood and Terry (2007) advise that broader changes in the nature of employment relations processes have accompanied the decline in collective bargaining. They suggest that the nature of bargaining issues and style is related to the nature of representation. So, in dual-channel workplaces (where both union and non-union systems operate alongside each other) integrative issues tend to be dealt with by non-union representatives whilst union representatives handle distributive issues. They also note the higher frequency of consultation that applies to integrative consultation as compared to consultation over distributive issues. In a similar vein, Brown and Nash (2008) highlight an increase in discussion over integrative issues during this period; widening the scope of consultation if not bargaining.

2.7. Reward outcomes

The employment relations literature has concerned itself with a variety of outcomes, including aspects of the pay system. Where rewards have been considered as an outcome of

the employment relations system, they have tended to focus on particular aspects such as pay level (Freeman & Medoff, 1981; Ashenfelter *et al.*, 1985; Heery, 2000) or merit pay (Brown, 1990; Ohren & Reese, 1990; Heery & Warhurst, 1994; Heery, 1996; 1997a; b; Heery, 2000). However, developments in employee rewards during recent times have tended to prioritise *strategic* issues whereby rewards systems take on coherent characteristics, both vertically oriented to business strategy, and horizontally across their various elements.

This section attempts to set out some of the important developments that have occurred in the employee reward field and to identify characteristics of reward decisions that can be used as a descriptive framework for rewards systems in practice.

2.7.1 Traditional pay approaches

The traditional foundations of pay in organisations have been rooted in the notion of 'equity'. Equity draws upon the idea of an exchange between employees and employers, typically in the form of effort or goal-directed performance for various forms of reward or recognition. It is the fairness of the exchange that is represented by the equity construct. Equity theory is often associated with Adams (1965). Within equity theory it is the perceptions of employees that are of central importance. Employees make comparisons between their effort-reward bargain and that of others. If the comparison appears to uncover an imbalance, cognitive dissonance (Festinger, 1957) results which leads to attempts to restore balance by way of, for example: performance reduction; claims for pay increases; or exit.

The choice of reference groups for the basis of comparison is significant. Employees have been considered to prioritise comparison within the organisation and between close reference groups, as the site of most immediate and powerful sense of injustice (Brown and Walsh, 1994), although the work of Cowherd and Levine (1992) suggests the importance of equity perceptions across the entire pay structure rather than just between close reference groups. Equity comparisons can also be made within wider labour

markets. Whilst this has already been considered as a contextual issue regarding changes in labour market structure, it is also of relevance from the perspective of equity perceptions.

Pay equity is regarded as having significant effects across a range of outcomes, such as pay and job satisfaction (Oldham et al. 1986); absenteeism (Dittrich and Carrell 1979); turnover (Telly, French et al. 1971); work performance (Pritchard, Dunnette et al. 1972); and product quality (Cowherd and Levine 1992).

Comparison of equity measures can also be made within the wider labour market, and one might reasonably suppose that this locus of comparison will both be more important in some occupations, and may also be becoming more generally significant because of increasingly mobile and fragmented career patterns.

This concern to achieve external equity provides the rationale for another traditional reward priority, the aim to pay market rates. Neoclassical labour market theory provides the foundation for this approach – that the market rate for a job is determined by the point where labour supply and labour demand curves cross.

The desire to avoid cognitive dissonance has resulted in organisations giving importance to the undertaking of job evaluation schemes and labour market pricing exercises.

2.7.2. The critique of traditional pay approaches

Traditional pay approaches have come under criticism in recent years (Lawler, 1990; Schuster & Zingheim, 1992; Lawler, 1995). Gomez-Mejia and Balkin (1992) have articulated five substantive elements to this critique of traditional pay: determinism; inapplicability to executive, managerial and professional employees; inflexibility; failure to resolve social inequity; and the limitations of market intelligence.

Taking these in turn: the reliance on equity objectives provides an overly restrictive range of pay practices for complex organisations operating in turbulent environments. Similarly, the reliance on job-based models as a measurement device for the effort-reward

bargain is decreasingly relevant in the age of the knowledge worker (Drucker, 1959). The traditional orientation towards fixed wage levels does not provide the flexibility to deal with economic shocks and builds in periodic job losses over the economic cycle with consequent negative impacts on motivation, commitment, skill development and so on. Job evaluation schemes are subjective, bowing to political and cultural exigencies. Finally, firms are not simple price takers from labour markets, rather having substantial choice to set pay policy (Gerhart & Milkovich, 1991; Brown, 1993; Brown *et al.*, 1998; Brown, Marginson & Walsh, 2001; Brown, 2008).

The final criticism resonates with the establishment of strategic HRM models. Old style reward management is characterised as a mere technical function, of simply getting the pay system to work. To this extent it undermines the capacity of the function to establish organisational credibility as a strategic tool. It is this criticism, more than any other, which has determined the development of reward management in the proceeding period.

2.7.3. Strategic approaches to employee reward

A reward strategy has been broadly defined as “the intentions of the organisation on how its reward policies and processes should be developed to meet business requirements” (Armstrong 1996).

Two main approaches to the development of HR strategies can be identified (Richardson and Thompson 1999): so-called 'best fit' approaches which are associated with contingency theory; and best-practice approaches, which have been associated with resource-based theory. There are two conceptually very different theoretical approaches both labelled "contingency theory". We can make a distinction between 'structured' or 'positive', and 'normative', contingency theory (Legge 1978). Structured or positive contingency theory assumes that the structural characteristics of an organisation are determined by the state of various contingent factors in its environment, such as technology, its market or its economic environment, and that there is a direct relationship between a number of contingent factors and the characteristics of the organisation.

However, this view of contingency has been strongly criticised (Shreyogg 1980) on two grounds first, that there is often a whole range of factors that intervene, for example, the strategic choices made by managers about matters such as organisation structure and the procedures or styles of working that they adopt and second that, as we know, organisations are able to survive often under a very similar set of contingent constraints. This structured view of contingent theory was based on the empirical findings of the early contingency theorists (Woodward 1959; Burns and Stalker 1961).

Legge terms the second approach to contingency theory 'normative contingency theory'. This view suggests that there are 'best fit' choices available to managers in designing pay policies. Contingency theorists (Lupton and Gowler 1969; Lupton and Bowey 1974) also indicate the dimensions of the variables that ought to determine the payment system choice. In this approach the dependent variable is seen as the effects or outcomes of the structural and procedural arrangements, which in turn is dependent on strategic choices. Management decisions about structure and procedures are viewed as the intervening variables between the contingent constraints within which the organisation operates and the effects these have on organisational performance. The contingent factors over which managers have little or no control may influence their strategic choices, but they do not determine them. This means that there can be all kinds of different dimensions of performance influenced by a payment system choice, and that organisations can survive with wide range of performance levels on each of these dimensions. It is therefore not the payment system that is contingent on the constraints, but the eventual performance of the organisation. The reason why this model is termed 'normative' is that it implies that managers should act and take decisions about payment systems in order to achieve the maximum impact on the performance of their organisation (Thorpe and Homan 2000).

It is contended that 'best-practice' approaches to HRM are more likely to lead to performance improvements at organisational level in most or all circumstances (Walton 1985; Guest 1987). Similar conclusions can be found in empirical work on 'high

commitment management' (Wood 1995; Wood and Albanese 1995). The results of their questionnaire survey of 135 UK manufacturing plants suggested that the adoption of high commitment HR policies (i.e. those which emphasise employee commitment, flexibility and trainability as well as status harmonisation) was not related to observable external environmental factors (Wood and Albanese 1995). In practice therefore, it would appear that the adoption of such management practices does not result either from conscious or subconscious attempts on the part of managers to align HR with business strategy as it recommended in the normative contingency literature.

An additional conclusion can be made that high commitment management is 'universally applicable' (Wood 1995) and that the results lend support to the so-called best practice approaches (Walton 1985; Guest 1987). It could of course be counter argued from a contingency perspective that evidence indicating a failure on the part of managers to apply 'best-fit' principles to the development of HR practices does not obviate the fact that they should do so. Arguably, therefore, further evidence is required on firm performance and the presence of high commitment practices before it can be said with any certainty that empirical data that collected truly undermines the validity of the contingency model (Thorpe and Homan, 2000).

A further fundamental criticism is the implicit assumption that the presence of a correlation between 'best practice' HRM practices and effective financial performance indicates the existence of a causal relationship. In practice, of course, other factors, such as effective long-term investment or inspirational leadership, may be the fundamental reasons for the existence of both sets of results. Alternatively, it could be the case that financial success permits firms to introduce best practice HR initiatives rather than the other way round. It nevertheless remains significant that Wood and Albanese, as well as the other authorities, have sought to make an interference in favour of best practice approach and that this has led them explicitly to question the validity of best fit models (Thorpe and Homan, 2000).

The application of best practice thinking to reward poses particular difficulties for two reasons. The first obstacle is the extent to which alternative best-fit assumptions have dominated the field advocating contingency approaches (Lawler, 1990; Gomez-Mejia and Balkin, 1992). Indeed, in recent years their perspective has been re-styled 'the new pay' and has been positioned firmly in opposition to best practice prescriptions, as the following definition of the term makes clear:

The new pay doesn't necessarily mean implementing new reward practices or abandoning traditional ones: it means identifying pay practices that enhance the organisation's strategic effectiveness ... the new pay argues in favour of design process that starts with business strategy and organisational design. It argues an assumption that certain best practices must be incorporated into a company's approach to pay (Lawler 1995).

The second problem in applying best practice to the reward field is how to avoid simply equating best practice in reward management with higher levels of pay and benefits. It may well be the case that greater generosity leads to a more satisfied, loyal and creative staff but in many business environments this is likely to lead to lower overall competitiveness as higher cost of production are passed onto consumers. Moreover, there is a good amount of anecdotal evidence that suggests that high levels of reward are often in fact associated with poor practice in other areas of HRM. The implication is that a corporation can intensify work, offer little job security and sustain a fairly brutal management style, while maintaining acceptable levels of commitment and employee retention, provided it pays above market rates. (Thorpe and Homan, 2000).

Thus there are grounds for arguing that while best practice ideas have a good deal to offer in other areas of HR practice, their significance for reward specialist is rather more limited. In the face of such criticism, two types of argument are advanced in favour of best practice reward prescriptions. First, it is pointed out that high pay need not lead to lower competitiveness and that the opposite is often the case. Second, it is argued that even if best

practice has a limited role to play in setting the level of rewards, it still has plenty to offer in determining the form rewards take.

Pfeffer argues that, while it is counter-intuitive to many, organisations which pay higher wages are often more productive than direct competitors who pay considerably less (Pfeffer, 1995; Pfeffer & Hatano, 1995). This, he argues, is because high pay rates attract and retain the most motivated, experienced and capable staff. Not only are such employees more productive, their presence also provides the basis for competitive strategies based on innovation and quality as well as price.

The second argument in favour of best practice in reward is concerned with the type of incentive payments that employers make; with wage structures; and with methods of wage determination. While to date, there is relatively little hard evidence supporting the view that particular reward policy prescriptions in the more general 'bundles' of HR philosophies, tool and techniques said to constitute best practice. (Thorpe and Homan, 2000).

In conclusion the contingent approaches, on the other hand are consistent with the RBV theories that argue that sustained competitive advantage rests not on imitating so called best practice, but on developing unique, non-imitable competencies (Barney 1991). This approach rests on the recognition of the importance of idiosyncratic contingencies that result from path dependency, social complexity and causal ambiguity (Collins and Montgomery 1995). From this perspective organisational performance is not enhanced by merely following 'best' HR practice but from knowledge about how to combine, implement and refine the whole potential range of HR policies and practices to suit the organisations idiosyncratic contingencies (Boxall, 1996; Wright and Dunford, 2001).

The distinction between the two models is critical as the contingent and universalistic approaches rest on very different and contradictory theoretical perspectives about organisational competitiveness. The universalistic approach is consistent with one reading of institutional theory and arguments about institutional isomorphism (DiMaggio and Powell 1983; Paauwe and Boselie 2003). In other words, the assumption here is that

organisations that survive and prosper do so because they identify and implement the most effective, 'best' policies and practices. As a result successful organisations get to look more and more like each other through practices such as benchmarking. In HR terms this equates with the belief that treating employees as assets will always pay off, irrespective of circumstances, and that the effects are additive (the greater the number of 'best' HR practices that are implemented, the greater the positive effect on performance).

There has been some attempt to reconcile these two approaches. It has been suggested that it is helpful to distinguish between the 'surface level' of HR policy and practices in an organisation and an 'underpinning level' of processes and principles:

we are most unlikely to find that any theorist's selection of best practices (the surface layer) will have universal relevance because context always matters, as descriptive research demonstrate (Boxall and Purcell 2003).

It is however, possible to argue that there are some more effective ways of carrying out the generic HR processes that all firms would rise to follow. More powerfully, it is possible to argue that there are certain desirable principles, which if applied, will bring about the more effective management of people (Legge, 1995).

Effective reward management can help organisations achieve their business objectives by attracting and retaining competent people. The challenge is therefore to get the balance right to get the best results. Therefore, it can be stated that 'best fit' contingency model suggests maintaining the consistency of internal wage differentials, ensuring the competitiveness of wage rates in relation to local labour markets, and reflecting employee contributions. In comparison to the 'best practice' resourced based approach that comes from best people within the organisation.

2.7.4. Strategic pay issues

A contingency perspective supports the move away from prescribed, off-the-shelf, traditional reward solutions supported by the critique above. It is argued (Gomez-Mejia and Balkin 1992) that the choices in reward that organisations face must be interpreted in the

light of the macro-organisational context. This, now dominant, approach to reward is characterised by this emphasis on a linkage with organisational strategy:

The deliberate utilization of the pay system as an essential integrating mechanism through which the efforts of various sub-units and individuals are directed toward the achievement of an organization's strategic objectives, subject to internal and external constraints. When properly designed, contingent upon the organization's strategic objectives and constraints, it can be an important contributor to firm performance. (Gomez-Mejia and Balkin 1992)

Reward is no longer a simple search for equity but an ongoing series of complex strategic choices that make more or less sense depending upon internal and external organisational contingencies. The nature of reward management changes from a largely internal focus and a proscribed remit of attraction and retention of staff, to a much broader and deeper external focus with the remit of supporting the development and achievement of corporate objectives.

The nature of those strategic reward choices is of central significance here. Gomez-Mejia and Balkin identify twenty sets of choices concerning the basis for pay levels, pay design issues, and the administrative framework. Those choices are detailed in Table 1.

Table 1 Gomez-Mejia and Balkin's strategic reward choices

The basis for pay. The strategic reward choices listed here are concerned with the basis upon which rewards should be distributed.		
Reward choice	Description	Discussion
Unit of analysis: Job vs. skills	Job - Traditionally, the basis for determining pay levels has been through an 'objective' measure of jobs.	Job-based pay works best in conditions of stability and relatively low levels of employee exchange. Skill-based pay works best in conditions characterised by: trust; a large array of HRM programmes; frequent technological and structural change; common employee exchanges; opportunities for skill development; high employee turnover; employee values consistent with teamwork and participation. (Tosi and Tosi 1986; Ledford 1991; Wallace 1991)
	Skills - Pays employee on the basis of their broader capability, on the attributes that they bring to the firm rather than on their achievement of required effort.	
Criteria for pay increases: Performance vs. membership	Performance – Performance-contingent rewards are concerned either with rewarding individuals or teams for output, on the basis of cost-savings, behavioural performance measures, or on the basis of appraisals.	Performance-contingent rewards are most appropriate: in a performance driven culture (Kerr 1985); when the firm is experiencing rapid growth (Balkin and Gomez-Mejia 1987); when competition between individuals and groups is encouraged (Pearce 1987); when relevant performance indicators are available (Mahoney 1989). Where these conditions do not prevail job-contingent rewards may be a viable alternative.
	Membership – membership-contingent rewards are based upon maintaining employee status.	
Level of performance measurement: Individual vs. aggregate	Individual-contingent rewards seek to identify and recognize the unique contributions of each employee	Reinforcing desired employee behaviours is regarded as important for motivational (reinforcement theory, expectancy theory). The communication of clear performance expectations is seen to be supported through these schemes, and to provide opportunities for employees to earn additional income. Many such schemes have met with resistance from managers and employees, owing to the limited circumstances in which these are likely to be successful, when: performance contributions can be attributed to specific employees; competition between employees is a desired outcome; there are few interdependencies; the plan is set within a broader HRM framework. Aggregate-contingent rewards are most effective when: a cooperative structure is encouraged; when the nature of the task does not allow clear identification of individual contributions; when greater flexibility is desired; when the task is difficult or unique and the employees are intrinsically motivated (to diminish the risk of free-riding).
	Aggregate-contingent rewards use group contribution as a basis to distribute rewards	
Time orientation: Short vs. long-term	The choice of time horizon upon which to base the distribution of rewards.	There is a dilemma in relation to the choice of appropriate time horizon because whilst, on the one hand, a close relationship between behaviour and reward is perceived as providing stronger motivation (operant conditioning); on the other hand, organisational success more dependent upon long-term measures of performance. Furthermore, short-term measures of success will often run counter to actions necessary to achieve longer-term success.
Risk sharing: Risk aversion vs. risk taking	Should risk-taking or risk aversion be rewarded?	Entrepreneurial employee behaviours can be encouraged if they are less concerned about the potential negative effects of activities. This can be achieved through enhanced job security, although in high growth organisations explicit reward of risk-taking may be more apparent.

Strategic focus: Corporate vs. division performance	The choice of level of aggregation used to measure firm performance.	<ol style="list-style-type: none"> 1. The motivational effect on employees becomes diluted as the performance level becomes more aggregate 2. Greater interdependence between business units increases the difficulty in measuring the contribution of a given unit. <p>Allowing rewards to be based purely on business unit performance reduces corporate control, however relying strictly on corporate performance can result in undeserved rewards for some employees.</p>
Equity concern: External vs. internal	The emphasis given to meeting market rates against internal consistency in the structure.	<p>Internal and external equity may often be in conflict.</p> <ol style="list-style-type: none"> 1. There is a desire to provide fair treatment to existing employees, whilst being competitive in recruiting high quality entrants to the organisation. 2. Multiple competitive pay policies within a firm may further complicate internal equity concerns. 3. Job evaluation based systems have difficulties adjusting to rapidly changing economic environments.
Reward distribution: Hierarchical vs. egalitarian	The choice between the establishment of single or separate reward systems for different grades of employees.	<p>If access to various types of reward is contingent upon promotion to the appropriate grade then traditional organisational hierarchies are likely to emerge. If access to rewards is not defined by promotion an egalitarian atmosphere is likely to emerge.</p> <ol style="list-style-type: none"> 1. Hierarchical pay structures engender 'clan' type cultures, characterised by shared values and beliefs. Egalitarian pay systems engender 'contractual' employee relationships and a 'market' type culture. 2. Egalitarian pay systems allow organisations substantial flexibility in the deployment of employees – although this is at the expense of a stable workforce. 3. Hierarchical pay structures are more prevalent in mature firms with a stable market share. Companies attempting to expand market share through risk taking and innovation are more likely to have an egalitarian pay system.
Type of control: Monitor of behaviours vs. monitor of outcomes	The choice of criteria used to reward employees (especially executives), either: objective, outcome oriented, formula-based processes; or subjective assessments, inferential judgements, or other qualitative factors.	<p>As diversification increases:</p> <ol style="list-style-type: none"> 1. Quantitative indices are used to appraise managerial performance 2. Objective formulas are used to determine pay allocation to business units 3. Performance measures are more likely to be based on sub-unit performance than corporate results.

Design issues. These choices are concerned with the design of the reward package		
Reward choice	Description	Discussion
Salary market policy	The extent to which the organisation's salaries exceeds that of its competition.	<ol style="list-style-type: none"> 1. Reward level is the main determinant of pay satisfaction, which is, in turn, one of the best predictors of employee attrition. 2. Firms can operate single or multiple market pay policies. 3. Organisations in decline will either: <ol style="list-style-type: none"> a. Slow down the rate of pay increases or seek pay concessions, or b. Ensure that their reward systems are particularly well attuned to the external market 4. Pay level should be associated with the level of risk. Two opposing views: <ol style="list-style-type: none"> a. High base pay should be offered in order to compensate for risk b. In growing firms, low base pay with high levels of incentives in the pay mix may be offered to minimise fixed costs.
Benefits market policy	The extent to which the organisation's salaries exceeds that of its competition.	
Incentives in pay mix	The extent to which a proportion of employee pay is determined on a variable basis.	<p>Organisations tend to distinguish themselves through decisions about pay contingency or variability rather than about the level of base pay.</p> <p>Firms that have limited cash whilst expanding market share tend to offer low salaries but add to the incentive component of the pay mix. Stable firms in mature markets tend to offer employees more security and higher salary plus benefits, but lower opportunities for large incentives.</p>
Total compensation: Low future potential with higher immediate payoff vs. high future potential with lower immediate payoff.	The extent to which the reward package is located in the labour market on the basis of a perception of future income stream.	Firms facing financial constraints may attempt to create anticipatory feelings on employees' part. If successful the company may recruit and retain high-talent employees without tying up the firm's scarce cash.
Reinforcement schedule	The choice as to how often to distribute rewards and how chronologically close they should be to desired behaviours.	To promote desired behaviours, rewards should be closely tied to actual accomplishments (reinforcement theory). Non-contingent rewards have little effect on individual behaviour. However, contingent rewards can result in 'tunnel vision'.
Reward emphasis	The choice concerning the balance between cash or benefit payments, and more intangible rewards such as employment security, recognition, involvement, responsibility...	<ol style="list-style-type: none"> 1. Pay is rarely ranked as one of the most important aspects of an employee's job. However, this may be because 'avarice is a social taboo'. Pay has a psychological and symbolic meaning that goes beyond its materialistic value. 2. Non-monetary rewards are a source of moral commitment to the organisation, although monetary rewards are an important source of (utilitarian) commitment, especially in tight labour markets. 3. Firms that experience little change may have to focus much greater attention on intrinsic rewards in order to provide the sense of excitement that occurs naturally in more volatile environments.

<p>Administrative framework. These choices concern the policies and procedures that govern the pay system. This is important for three reasons:</p> <ol style="list-style-type: none"> 1. It provides the context in which reward decisions are made; 2. The delivery mechanism for reward must assist the firm cope with the forces in its external environment; 3. The administration of the pay system is important for pay satisfaction. 		
Reward choice	Description	Discussion
Pay decision making: Centralisation vs. decentralisation	The extent to which pay decisions are controlled by corporate headquarters or delegated to various sub-units.	Centralised pay administration can provide significant cost savings and expertise, and assist in the achievement of internal equity. De-centralised pay administration may be more appropriate in large conglomerates where business units are very heterogeneous. Compromise position in which local pay decisions are informed by central pay expertise may be appropriate.
Pay information disclosure: Open vs. secret pay	The extent to which pay information is divulged to employees.	Open pay systems can lead to constructive dialogue and mutual respect in a culture that emphasises employee participation, high trust, commitment, and egalitarianism. Otherwise it may breed conflict and hostility.
Governance structure: Participation vs. non-participation	The extent to which employees are involved in the setting of pay policies and the distribution of rewards.	High participation is more common in: <ol style="list-style-type: none"> 1. Entrepreneurial firms; 2. Companies with a high proportion of highly educated professional employees; 3. Companies that have experienced environmental jolts; 4. Firms that offer a large proportion of variable incentives in the pay mix; 5. Companies that are willing to offer innovative pay practices. Low participation is associated with traditional bureaucratic reward approach common in most mature firms.
Nature of pay policies: Bureaucratic vs. flexible pay policies	The extent to which the administration is tolerant of alternative approaches; the amount of discretion it allows to make exceptions; and the ability it has to make unique judgements depending on the idiosyncrasies of the situation.	Bureaucratic systems have been criticised for not allowing the organisation to adapt the reward system as the strategic orientation changes. However, for more mature firms, too much flexibility can result in a lack of coherent policies.
Superior dependency: High vs. low	The degree of flexibility that managers possess in making pay decisions.	

Gomez-Mejia and Balkin distinguish two broad reward strategy choices, which they define as ‘algorithmic’ and ‘experiential’ strategies (illustrated in Table 2). Algorithmic pay policies are characterised by the use of “predetermined, standardized, repetitive procedures that can be used to process pay decisions with minimal attention to mitigating circumstances, exceptions to the rule and external contingency factors” (65). Experiential pay patterns, on the other hand, are located within a more flexible set of organisational strategies that are envisaged to cope with significant shifts in the competitive environment. These two patterns are seen to represent the extreme poles of a continuum of reward strategies that provides a model upon which it is possible to identify the reward orientation of a particular organisation.

Table 2. Gomez-Mejia and Balkin's (1992) algorithmic-experiential framework

	<i>Algorithmic strategy</i>	<i>Experiential strategy</i>
<i>Basis for pay</i>		
Unit of analysis	Jobs	Skills
Criteria for pay increases	Tenure	Performance
Level of performance measurement	Individual	Individual and aggregate
Time orientation	Short-term	Long-term
Risk sharing	Low	High
Strategic focus	Corporate	Division and business unit
Equity concern	Internal consistency	Market driven
Reward distribution	Hierarchical	Egalitarian
Type of control	Monitor of behaviours	Monitor of outcomes
<i>Design choices</i>		
Salary market policy	Above market	Below market
Benefits market policy	Above market	Below market
Incentives in pay mix	Low	High
Total compensation	Low future potential with higher immediate payoff	High future potential with lower immediate payoff
Reinforcement schedule	Fewer rewards with low frequency	Multiple rewards with high frequency
Reward emphasis	Non-monetary	Pecuniary
<i>Administrative framework</i>		
Pay decision making	Centralised	Decentralised
Pay information disclosure	Low	High
Governance structure	Authoritarian	Participative
Nature of pay policies	Bureaucratic	Flexible
Superior dependency	High	Low

Gomez-Mejia and Balkin's (Balkin & Gomez-Mejia, 1987; Gomez-Mejia & Balkin, 1992) intention was to propose relationships between these patterns of reward strategies and various organisational contingencies, an approach similar to others in this area (Brown, 1990). Cox (2000) makes four criticisms of this approach: the weakness of theoretical linkages between rewards and business strategies; the simplistic categorisation of business strategies; the subjective categorisation of rewards; and the neglect of other pressures on the reward system.

Table 3. Comparison of reward frameworks

Gomez-Mejia and Balkin (1992)	Milkovich (1987)	Carroll (1987)	Heneman and Schwab (1985)	Lawler (1981)
Unit of analysis	Criteria for hierarchy	Guaranteed compensation		
Criteria for pay increases	Basis for increase - membership vs. performance	Guaranteed compensation	Most recent raise. Raises in past	Basis for increases
Level of performance measurement	Criteria for increase	Performance measures. Use of individual or group bonus. Gainsharing	How raises are determined	
Time orientation		Frequency of measures		
Risk sharing	Total compensation risk-return trade-off			
Strategic focus				
Equity concern		Internal equity		Internal vs. external emphasis
Reward distribution	Internal pay differentials. Number of JE systems used	Merit differentiation	Pay structure. Pay of other jobs. Differences in pay	Degree of hierarchy
Type of control				
Salary market policy	Competitive position relative to competition - lead, lag, meet	Pay level in market	Take home pay. Current salary	Market position
Benefits market policy			Benefit package/value	
Incentives in pay mix	Forms to offer	Size of bonus		Reward mix
Total compensation	Forms to offer. Short vs. long-term	Long vs. short-term use. Deferred compensation		
Reinforcement schedule	Size and frequency of increases		Number of benefits	
Reward emphasis	Relative importance of forms			Reward mix
Pay decision making	Centralization		Influence of supervisor on pay	Decision making. Centralization
Pay information disclosure	Communications		Information given on pay issues	Communications
Governance structure	Employee participation			Decision making. Centralization
Nature of pay policies			How the company administers pay	Decision making
Superior dependency	Dispute resolution mechanisms			Change strategy
				Pay system congruency

The reward decisions highlighted by Gomez-Mejia and Balkin (1992) reflect similar types and categories of characteristics developed elsewhere within the reward literature (Lawler, 1981; Heneman & Schwab, 1985; Carroll, 1987; Milkovich, 1987); these similarities are illustrated in Table 3. Whilst this list is not exhaustive, it does encompass those studies which focus on reward forms across all employees (as opposed to mostly earlier studies which tended to focus primarily on executive or managerial rewards). The comparison indicates a good degree of congruence concerning the categorisation of reward forms across these studies and with dimensions of reward in more recent studies (Bloom &

Milkovich, 1995; Gerhart, Minkoff & Olsen, 1995; Heery, 1996; Heery, 2000; Yanadori & Marler, 2003).

Whilst many of these dimensions of rewards systems are relatively straightforward from the point of view of measurement there are some potentially problematic issues. The broadening scope of rewards, in terms of benefits packages (Taylor & Earnshaw, 1995) and the use of individual short-term incentives (Brough, 1994) and long term incentives (Ogden, 1992) has increased the relevance of Gerhart and Milkovich's (1991) assertion that consideration of pay levels must not focus merely upon direct pay, but encompass the package as a whole (Brown, 2008). They also make the point that whilst pay level is specific to an individual organisation, its meaning is more pertinently determined by reference to comparators in relevant product and labour markets. Despite (perhaps because of) these caveats, the determination of pay level remains a complex measurement challenge that remains largely unresolved. Studies from the employment relations field continue to focus primarily on simple measures of pay level (Kelly, 2004; Frost, 2008; Roche, 2009).

The binary definition of hierarchical-egalitarian pay structures appears more straightforward. At issue is the definition of a hierarchy, which might be considered in a variety of ways: as the ratio of a position's pay to adjacent positions in the hierarchy, or through a measure of variance (Charlwood, 2007; Charlwood & Terry, 2007). Gerhart and Milkovich (1991) recommend the use of Gini coefficients because of their ability to characterise the degree of equality across the entire structure rather than only at particular points.

2.8. Linkages

The discussion so far provides an overview of how the various elements of the employment relations system (plus employee rewards) are constituted. However, we have not yet considered the interrelatedness of these elements. The study of the employment relationship as a *system* has a long tradition (Dunlop, 1993), which continues to influence the analysis of contemporary issues (McBride & Stirling, 2002; Heery, 2008). The following

sections will attempt to enunciate these links as they have been dealt with in the literature, and the principal elements are also illustrated in Figure 1. As previously discussed, context is regarded to have a broad constraining/permissive effect across the system. As such context will not be considered as a separate ‘node’ in the system. That is, the effect of context is unidirectional, whilst ideology, process and outcomes are part of the system; each element effecting and being affected by the others. The focus here will be upon those linkages, whilst taking into account the role of context as an encompassing factor.

2.8.1. Ideology linkages

Budd and Bhave (2008) have suggested that ideologies provide parties with a rationale for acting within the system. As such, it is not surprising to find links to process and outcomes. Ideology is also influenced by parties’ context. Walton and McKersie (1965) discuss the influence of context on relationship patterns. Important contextual factors include changes in market conditions, which can result in shifts from competitive to cooperative relationships, and vice versa. Tightening market pressures might, typically, be associated with increasing competitiveness in the relationship and hence a conflict, or containment-aggression pattern. Crisis conditions in an organisation’s market might, conversely, have the opposite effect, reinforcing the need for heightened cooperation in the face of a perceived mutual threat. Broader, historical trends can also be discerned in the nature of relationships that originate beyond the preferences of the parties themselves. We might associate these trends with broader changes in the economy, technology, or perhaps as a result of changes in the political environment (Walton & McKersie, 1965).

Ideology is also seen as an important influence upon process issues. Dyer *et al.* (1977) discuss the enhanced potential for union-management cooperation when there is an absence of hostility between them. Walton (1985) associates traditional ‘control’ strategies with adversarial relations (78) and ‘commitment’ strategies with cooperative relations (79) in which unions, management and workers “re-define their respective roles” (81). Walton also

identifies the implications that this re-definition of parties' roles (frame of reference) has for their influence within the relationship (process) (83).

Fiorito and Hendricks (1987) also note the links between ideology and process, in this case the relationship between union ideology and bargaining. Two aspects of this study are distinctive: firstly, they attempt to operationalise union ideology by way of evaluating the degree of militancy in bargaining, organizing and political activity. Secondly, the assertion that the links between ideology and process may work in a number of directions: "militancy in bargaining may benefit a union, but increased attention to organizing or political activities may be an indication of failure at the bargaining table" (581), that is whilst there appears to be a process pay-off for ideological militancy (bargaining success), process failure (bargaining) may be reflected into alternative forms of ideological militancy.

Boxall and Haynes (1997; Boxall, 2008) develop these elements of union ideology further with their model of union strategy. They distinguish two dimensions of strategic choice, relating to worker relations and employer relations respectively. Worker relations could be distinguished according to the relative emphasis between servicing and organizing. Employer relations are presented as adversarial versus cooperative, however there is, again, the recognition that this ideological choice spills over into issues of process, unions can choose a narrow focus on collective bargaining or alternatively pursue more extensive engagement with employers.

Not surprisingly, ideology has been of interest to the partnership debate. The increased interest in partnership forms of employment relations from the late 1990s brought forward distinctly ideological re-conceptions of the employment relationship. Speaking of the then General Secretary of the TUC, Ackers and Payne (1998) highlight that "Monks finds the basis for partnership in a mutual trust grounded in 'common interests' centred on corporate success and employment security" (537). Knell (1999) treads similar ground, though going further in attributing the potential for organisational performance improvements to high trust relations. Ackers and Payne (1998) also see the wider potential

significance of the ideology or, as they express it, the rhetoric of partnership in “advancing the institutional centrality” (546) of unions, that is the effect of ideology to reflect back into the wider relationship.

The importance of ideology for partnership relations has become a common theme within the literature. Marks *et al.* (1998) speak of the need for high trust relationships to enable developments in the relationship. Martinez-Lucio and Stuart (2002) recount the familiar shift from adversarialism to cooperation and shared interests, and again in 2004 write of consensualism, mutual trust and mutual gains. Haynes and Allen (2001) talk of formalising and increasing mutual trust and the legitimisation of differing interests in order for cooperative practices (processes) to grow. However, the dynamics of trust throughout the employment relationship are spelled out more clearly here; ideology provides a basis for process, for example they discuss how “In both of the case studies outlined, conflict continued within the partnership relationship...The scope allowed the union by management depends crucially on the latter’s underlying frame of reference” (179). This point was reiterated by Dobbins and Gunnigle (2009) in their assessment of the impact of a new, cooperative management team at Waterford Crystal. Ideology can also be undermined by process and outcomes, “trust may be impaired by unexpected or unwitting behaviour...union leaders and members, along with managers, must experience cooperative practices as mutually beneficial” (181).

Guest and Peccei (2001) and McBride and Stirling (2002) mark out the clearest ideological positions of partnership. Guest and Peccei identify the potential for the existence of different types of partnership depending upon parties’ underlying frames of reference, but also suggest that the distinctiveness of ‘partnership relations’ are key ideological concepts: trust and mutuality.

For McBride and Stirling, the ideological dimensions of partnership are also significant in re-conceptualising the employment relationship as a whole:

it wishes to distance trade unions from the past and engage in the future (292)...employees are to share in the success of the company...trade unions are wishing to establish themselves as solutions not problems...an identification with the ideology of partnership brings an identification with management (293)...clear and repeated references to the business needs of the company and the trade unions' role in supporting them (297)

This last being an argument that Karimi and Singh (2004) propose to encourage unions to proactively seek the adoption of alternative rewards strategies. Both Guest and Peccei and McBride and Stirling stress the importance of locating partnership not in ideology alone, but in identifying the interrelation of ideology-process-outcomes (or principles-practices-outcomes).

Bloom and Milkovich (1995) discuss a variety of ideological concerns in respect of reward outcomes specifically and the employment relationship generally. They raise the point that employees' norms and values are likely to influence the way that they view both the employment relationship and their returns from it (12) although admit that it is not clear exactly how this works. They go on to prioritise the importance of trust in allowing for change and development in employment relationships, that trust underpins interdependencies between parties and reinforces beliefs in the need for ongoing cooperation. The alternative reflects agency assumptions in which progress must be coerced and conflict-driven.

2.8.2. Process linkages

Processes sit at the heart of the employment relationship, being the mechanisms through which ideologies are expressed and outcomes pursued. Whilst we have already seen how an ideological stance can influence process, Eaton and Voos (1989) discuss that in determining whether to resist workplace innovations, the union will consider the range of consequences; illustrating how an assessment of outcomes will determine the appropriateness of process. They also note how, in organising to protect and/or extend collective bargaining, the process may itself be regarded as an outcome.

The linkages between process and reward outcomes are well documented. Many of these studies concern the fragmentation of the pay setting process through changes to collective bargaining. Walsh (1993), unusually for a change that has been largely employer-driven, cites dangers to employers from this fragmentation; these dangers particularly derive from the dismantling of internal labour markets, which is argued to impede rather than promote organisational efficiency. More typically, the fragmentation of collective bargaining arrangements is regarded as having negative outcomes on the union and employee side of the relationship. The decline of collective bargaining in the 1980s is associated with dramatic increases in wage inequality and union 'sword of justice' capabilities (Brown, Marginson & Walsh, 1995; Heery, 2000).

Discussing the increased risk to employees from 'New Pay' outcomes, Heery (1996) laments the absence of effective counterbalancing processes to ensure distributive and procedural justice. The absence of such processes is further linked back to the unitarist ideology that underpins these initiatives. Heery (1997b) goes on to discuss the threat that performance related pay outcomes can pose to the continuation of collective bargaining processes and to the constitution of the unionised relationship as a whole (1997a) and notes that union involvement with such schemes is often predicated on the operation of joint regulation to reduce at-risk elements (Heery, 2000). Gunnigle *et al.* (1998) draw similar conclusions, arguing that the negative relationship between performance related pay and union presence indicates that PRP effectively drives out union representation. The link between union derecognition and linking pay to individual performance was also noted by Brown *et al.* (1998), who also identify the move away from collective bargaining with a shift in equity orientation (Gomez-Mejia & Balkin, 1992) from internal comparisons to labour market comparisons; the broadening of pay grades and the steepening of pay structure hierarchies.

Kim and Voos (1997) consider the differential voice effects (Freeman & Medoff, 1981) of unions on the success of gainsharing schemes, a form of reward innovation that

unions in the United States are especially associated with (Heery, 2000). They stress the importance of distinguishing the nature of union engagement upon the success of this particular reward outcome, success being associated with cooperation and active involvement in the development and administration of the scheme. Heneman and colleagues (Heneman *et al.*, 1997) make similar arguments, stressing the importance of mutual trust (ideology) and participation (process) in making alternative rewards acceptable to unions. Cox (2000) makes the broader, though similar point that employee involvement in the development of reward systems is important to their success because of the effect of employee perceptions of distributive, procedural and interactional justice. Although she doesn't distinguish between union and non-union forms of involvement, Cox makes the supplementary point that the form of consultation will have an impact, specifically that the mechanism needs to enjoy the requisite degree of mutual trust and that representatives need to have the necessary skills and experience to allow full participation in the process. Heery (2000) makes the point that, in unionised environments, these mechanisms are likely to have a formal character, although this is another area likely to be affected by putative partnership relations, as Guest and Peccei (2001) note the extension of *direct* employee involvement into personal employment issues associated with partnership.

Whilst much of the discussion on process effects on reward outcomes has focussed on the 'voice' element of Freeman and Medoff's (1981) model, the monopoly effects have also been considered. This is largely expressed through the declining significance of the union wage premium alongside the decline of collective bargaining coverage (Heery, 2000; Brown, Marginson & Walsh, 2001) although union monopoly effects are still occasionally highlighted (Delery *et al.*, 2000; Charlwood & Terry, 2007).

Cutcher-Gershenfeld *et al.* (1998) consider influences on the conduct of the collective bargaining process; citing outcomes (fringe benefit pressure, falling real wages, fear of job loss), ideology (low trust, concern for the future of the union), and context issues (domestic competition).

The cooperative forms of process associated with employment relations partnerships have come under scrutiny concerning their effects upon outcomes. In one example, Bacon and Blyton (1999) consider cooperation to have a less fundamental impact upon the nature of the employment relationship than is sometimes suggested. This case involved union cooperation in the introduction of HRM techniques for productivity improvements, the trade off being the protection of existing terms and conditions. Bacon and Blyton suggest that, in this instance, cooperation did not fundamentally alter the nature of the relationship. Rather, the protection of outcomes for a key group, an 'alliance of insiders' (Scott, 1994), was sufficient to secure the desired changes to process.

Whilst cautious about their findings, Cutcher-Gershenfeld *et al.* (2001) note that the adoption of interest-based (integrative) bargaining styles has an impact on bargaining outcomes, with work rule flexibility, new pay arrangements, complex issues concerning changes to the nature of work all being more salient than under distributive forms; which still predominates on economic issues. Indeed the balance of outcomes for parties under partnership relations has been an ongoing question, with the predominant position being that employers have tended to gain at the expense of unions and especially employees (Bacon & Blyton, 2002; Kelly, 2004; Bacon & Blyton, 2006; Bacon & Blyton, 2007; O'Dowd & Roche, 2009), although advocates of partnership produce evidence of mutual 'gains' of varying degree (Samuel, 2005; White, 2005; Geary, 2008; Roche, 2009). Other work in this area suggests that the achievement of sustainable mutual gains outcomes resulting from partnership relations are possible, though rare and dependent upon specific contexts (Dobbins & Gunnigle, 2009): a vertically aligned stakeholder governance model; also supported by O'Dowd and Roche (2009), insulation from market pressures, management continuity, union support, institutionalisation of partnership, and the use of capital-intensive technologies. The importance of market conditions is also highlighted by Bacon and Blyton (2006) who, whilst arguing that conflictual process styles are more likely to achieve mutual

gains, also suggest that even this is only likely under relatively benign market conditions (Bacon & Blyton, 2007).

McBride and Stirling (2002) point out the shift from distributive to integrative styles under partnership, but also identify the subsequent internal (intraorganisational) tension on the union side resulting from increased involvement with management. Similar issues have been widely noted elsewhere (Martínez Lucio & Stuart, 2002; Geary & Roche, 2003b; Martínez Lucio & Stuart, 2004; Oxenbridge & Brown, 2004; Suff & Williams, 2004; Wills, 2004). Geary and Roche (2003b) also consider how these tensions are played out on the union side particularly in view of the conditions under which the intraorganisational pressures are, on the one hand, able to be resolved; or on the other, result in factionalism. They point out four contingencies: the extent of union representative involvement in discussions over partnership; whether differences over partnership are resolved prior to its introduction; the degree of disturbance to collective bargaining (and the consequent change to traditional representative roles) caused by partnership; and the intraorganisational bargaining skills of union officials.

2.8.3. Reward linkages

Whilst numerous linkages between rewards and other aspects of the employment relationship have already been discussed, some elements remain outstanding. These tend to focus upon reward links to context and to organisational strategy.

Blanchflower (1986) argues that consideration of workplace characteristics, labour quality and differences across industries should play a greater part in understanding union wage effects. Following Lewis (1963), Blanchflower suggests that wages in the union sector respond to market effects differently than those in the non-union sector, they are 'stickier'; less responsive to market pressures. As such, the average differential between union and non-union wage rates varies counter-cyclically, being smallest when labour markets are tight and largest when they are slack.

The effect of organisational strategy on rewards is understood at both corporate and business unit level. For Milkovich (1987) corporate level strategy can be distinguished through the use of two proxies: diversification and life cycle. The range of product markets a firm operates within represents diversification, classified by Rumelt (1977) as to whether a firm exhibits a single, dominant, related, or unrelated product market diversification strategy. Milkovich (1987) argues that greater diversification requires the development of mechanisms to control and integrate the separate business units consistently with the corporate objectives. Reward systems were identified as an important integrating mechanism: the greater the diversity of the firm, the greater the tendency to tie rewards to formalised, formulaic decision-making processes.

Corporate life cycles are also linked to reward choices although this approach has been criticised for determinism, over-simplification and a failure to recognise that organisations may simultaneously occupy multiple life-cycle positions. Milkovich (1987) summarises the literature on life cycle effects on reward. Start-up phase suggests a strong external emphasis; low base/high incentive mix; low benefits, and; decentralised and informal administrative style. Mature phase suggests an internal equity emphasis; match/lead pay policy; high base/low incentive mix, and; an administrative style emphasising control.

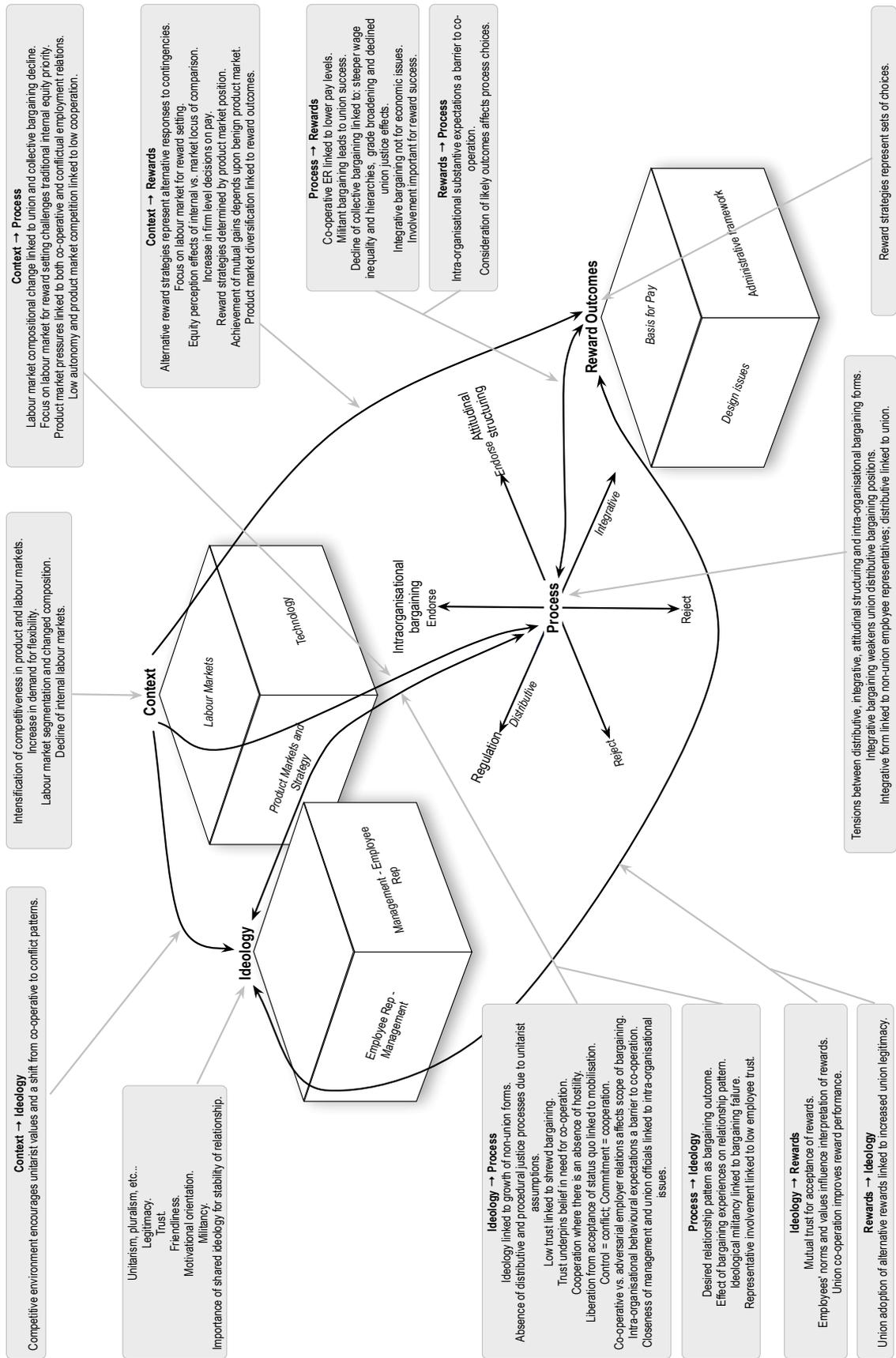
At the business unit level, organisations have been distinguished to the extent that they face either growth or maintenance in their product markets (Balkin & Gomez-Mejia, 1987; Gomez-Mejia, 1987). The combination of corporate and business unit characteristics resulted in consistent compensation patterns. The primary driver appears to be the corporate level strategy: greater diversification is associated with higher pay levels (competitiveness); emphasis on pay and benefits rather than incentives; greater formalisation, centralisation and secrecy. Conversely, the least diversified firms displayed lower competitiveness; greater emphasis on incentives; more open communication and decentralised decision-making. Business unit strategies appear to moderate these influences.

Human resource strategy also acts as a moderating factor; being the driver for changes in rewards that reflect the corporate strategy. This provides a means for interpreting the differences between union and non-union firms in reflecting market pressures, noted earlier. The importance of these strategic and competitive influences on reward design, in line with the 'strategic reward' approach, is regarded as increasing (Milkovich, 1992; Heneman *et al.*, 1997).

Grimshaw's (2000) 'three rings' model for analysing pressure for change in pay practices reflects some of the issues discussed here and in previous sections (competitiveness, labour market and industrial relations pressures). However, he also notes issues of technical change, specifically the way in which technological advances have resulted in two types of organisational pressure that have particular relevance for the reward system: the need to recruit and retain different types of employees, and the development of new work practices.

The final consideration here re-states an issue already considered, but in reverse. We have already mentioned the links between cooperative ideology and integrative bargaining styles with different reward outcomes. Karimi & Singh (2004) similarly draws these issues together, but starts with union acceptance of alternative rewards. In this instance, he suggests that this starting provides the opportunity for unions to demonstrate commitment to the firm (ideology), opening prospects for further involvement. The significance of this argument is that it suggests a circular rather than linear relationship between ideology-process-outcomes.

Figure 1. Conceptual framework links to the literature



2.9. Conceptual framework

Figure one illustrates the central elements from this literature review: context, ideology, process and reward outcomes along with the linkages between them. The most prominent and relevant areas of discussion are also set out in respect of each element and linkage. This provides the starting point for the conceptual framework to be adopted here.

2.9.1. Context

Three aspects of context are of concern here: product markets and strategic responses to them; labour markets; and the nature of work technology. These aspects have been of longstanding concern to the employment relations and employee rewards literature, which have focussed on particular characteristics, prominently including the intensity of competitiveness in product and labour markets. Whilst there are objective measures of market competitiveness that could be utilised, the research philosophy being employed here is more concerned with the parties' subjective interpretation of market pressures. The study is particularly concerned with parties' perception of the degree of a case organisation's perceived product market buoyancy along with the organisation's response to product market conditions in the form of competitive strategy. The nature of internal and external labour markets is also of interest, particularly the degree of market tightness that the organisation has to contend with and the nature of labour employed. Another feature of concern is the nature of work technologies in use, which will likely reflect the nature of labour, but is also relevant in terms of the degree of autonomy available to employees. These issues may, in turn, be reflected in employer expectations for flexibility.

2.9.2. Ideology

We have seen the values, or ideology of parties presented as: significant drivers for behaviour within the employment relationship; schemas for interpreting others' behaviour and for interpreting outcomes of the relationship; and as important outcomes in their own right. Whilst the well-established frames of reference provide a solid foundation for the broad categorisation of values, there is a substantial body of work that delineates ideology more finely. This incorporates

concepts of: trust, legitimacy, friendliness, motivational orientation and militancy, although the concept of ideological militancy is not clearly defined.

The idea that there are a variety of dimensions to the values that parties hold, and that those dimensions may operate as a continuum provides the basis for perceiving a sophisticated view of those values. Walton and McKersie's (1965) relationship pattern model incorporates these important values and is adopted here as a means of modelling parties' ideology. However, this study will also be concerned with each party's beliefs about the *other side's* ideology. As we have seen, ideology interacts with the other elements of the employment relationship, and affects parties' behaviour. It will be interesting to discover the extent to which a parties' professed ideology concurs with the other side's interpretation of their ideology, and whether the professed ideology, the perceived ideology, or even the gap between them has any significance for interactions within the relationship. This particularly reiterates Dunlop's (1993) association of shared ideology with stability in the relationship.

2.9.3. Process

Processes within the employment relationship are the mechanisms for interaction between the parties and so form the heart of the relationship. Walton and McKersie's (1965) distributive, integrative, attitudinal structuring and intraorganisational bargaining framework remains the most fully developed model of unionised employment relations processes and continues to be adopted as a means of analysis in the contemporary literature. The dominant form of regulation within a relationship can be usefully characterised using the distributive-integrative approach. Whilst there has been some work suggesting mixed bargaining is more natural than Walton and McKersie suggested (Fells, 1998), most other studies have re-asserted that these approaches tend to work in opposition to each other.

Attitudinal structuring behaviours are potentially important indicators of the employment relationship's nature. At face value, the extent of attitudinal structuring activity across the relationship is indicative of the importance placed upon the ideological stance of the other side as a bargaining objective. If we distinguish the attitudinal structuring activity between the parties

then we gain insight into the relative importance that the parties attach to the ideological stance of the other side. However, we can further distinguish the nature of attitudinal structuring in a way that provides for additional insight into the attitudes of the parties. Walton and McKersie (1965: 224, 250, 253) identify eight broad attitudinal structuring strategies. They are all prefigured by a party's desire to alter the cognitions of their opponent in order that the opponent:

1. Perceives the parties as having common preferences;
2. Perceives the parties as having common associations;
3. Perceives 'Party' as being associated with objects that benefit 'Opponent';
4. Has their behaviour rewarded;
5. Perceives himself as associated with an object that benefits 'Party';
6. Perceives 'Party' as dissociated from an object that harms 'Opponent';
7. Perceives himself as dissociated from an object that harms 'Party';
8. Has their behaviour punished.

Whilst these strategies were not originally distinguished between each other, two broad patterns of strategies are apparent and are developed here as part of the conceptual framework. Strategies one to four can be characterised by their emphasis of commonality, generosity and positivity, reward-based approaches; whilst tactics five to eight are distinguished by their emphasis of partisan objectives and negative, punishment-based approaches. The nature of parties' attitudinal structuring activities, either 'communal' or 'partisan', indicates the extent to which a party is not simply seeking to alter the ideological stance of their opponent but also the direction of change that they are trying to achieve; respectively towards common ground, or towards their own position.

These different postures have implications for the broader employment relationship. This is most obvious in terms of the ideological potential, which is the object of the exercise. Additionally, it might be seen as an attempt to move from distributive to integrative forms of regulation. It may also be regarded as an attempt to effect substantive outcomes of the relationship.

Intraorganisational tensions have been widely identified as a feature of employment relationships. Whilst these tensions are seen to be part and parcel of the boundary conflicts that

exist in the principal-agent relationship (and consequently of more relevance to the union rather than the management side in modern organisations), they have also been particularly associated with attempts to alter the relationships between bargainers to more cooperative forms. Once again, we may simply identify the extent of intraorganisational tension through the utilisation of intraorganisational bargaining behaviours; the range of behaviours in operation reflecting the extent of tension that they are attempting to resolve. However, we can also distinguish between alternative types of intraorganisational bargaining behaviours. Walton and McKersie (1965: 311) identify six broad types of behaviour:

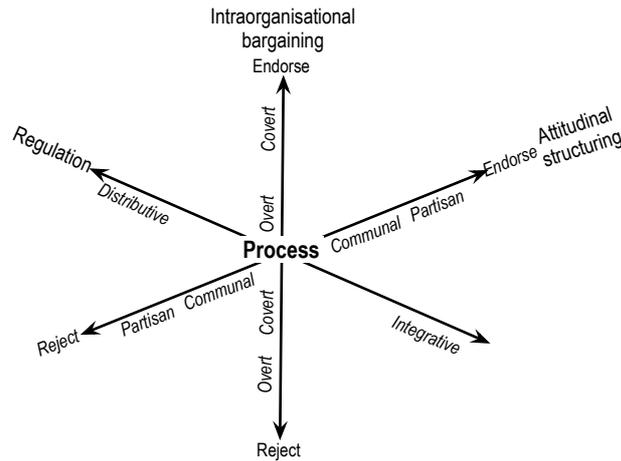
1. The negotiator attempts to persuade the principals to revise their expectations after they have developed;
2. The negotiator structures or manipulates the bargaining situation in a way that the inducement to alter expectations arises out of the situation rather than his own arguments or analysis;
3. The negotiator rationalises the discrepancy between expected and actual achievement;
4. The negotiator avoids incompatible expectations from the beginning;
5. The negotiator attempts to obscure or misrepresent the discrepancy by not accurately revealing the level of achievement;
6. Tacit bargaining.

Similarly to the approach taken towards attitudinal structuring, it is possible to delineate two broad types of behaviours. We can distinguish between behaviours one to three, in which the negotiator acts in a relatively open manner with regard to principals; and four to six, in which the negotiator's behaviour are covert. This conceptualisation of intraorganisational bargaining behaviour is adopted here as part of the conceptual framework. The nature of a parties' (typically a union's) intraorganisational bargaining activities, either 'overt' or 'covert' may be significant with regard to understanding the nature of the form of regulation that is being engaged. Wray's (2005) counterfeit partnership, for example, might have been usefully illustrated in this way. Similarly, it may be significant at the level of ideology being relevant to Boxall and Haynes (1997) concept of union-member relations. We have also seen the suggested relationship between bargaining failure and increased ideological militancy (Fiorito & Hendricks, 1987); the nature of intraorganisational bargaining behaviour might usefully be utilised as a mechanism to

conceal or explain bargaining failure with the intention of achieving different ideological outcomes amongst union members.

These refinements to the application of Walton and McKersie's framework are illustrated in Figure 2 and are adopted here as part of the conceptual framework for this study.

Figure 2. Adapted model of Walton & McKersie's bargaining processes



2.9.4. Reward outcomes

There has been a substantial difference in the way that rewards are conceptualised by the employment relations and employee rewards literature. Whilst the reward literature has developed more complex models, the relations literature has tended to retain a simpler conception. With some notable exceptions (Heery, 2000), employment relations scholars have focussed upon particular aspects of rewards systems; typically around pay level, pay dispersion, and individualised progression or bonus mechanisms such as merit pay. At best, this segmented focus produces a partial view of the complexity of contemporary reward systems; at worst, it has the potential to distort our understanding of them. It is the intention here to follow the reward literature's tradition by attempting to capture and model the complexity. Gomez-Mejia and Balkin's (1992) twenty item model, organised around the categories: basis for pay, design issues, and administrative framework, appears to be the most comprehensive model available that also represents the range of issues included in alternative frameworks. The model also identifies coherent sets of alternative reward practices, which can be utilised as a classificatory system of

reward strategy. As such it provides an appropriate mechanism to adopt in this study for the conceptualising of reward systems.

Whilst this study is concerned with the interaction of employment relations and reward *outcomes*, the reality is that the relationship between the two is likely to be inelastic. Reward systems change infrequently; the associated cost, complexity and risks act as a substantial deterrent to large-scale reward system change. Pressures from the employment relationship may well be reflected in the reward system, though the pressure may have built up over a considerable time, it may also be reflected through preservation of the status quo rather than through a desire for change. In short, it may often be difficult to assess the interaction outside of longitudinal studies.

In order to address this issue, the framework for conceptualising reward *systems* will also be applied for conceptualising the reward *preferences* of the parties. Reward preferences are anticipated to be more elastic than are outcomes; residing inside parties' heads rather than having to be thrashed out in the context of the organisation. Their fluidity should present a more dynamic form of interaction between themselves and the other elements under consideration here. Accessing reward preferences also enables insight to be derived about the proximity of parties' respective reward objectives, indicating pressure for change in outcomes. Understanding the nature of reward preferences allows us to consider Bloom and Milkovich's (1995) question about how employees' norms and values affect their view of rewards and the employment relationship. Similarly, Fiorito and Hendrick's (1987) assertion that bargaining failure reflects back into ideological changes can be considered. The comparison of reward preference and reward outcomes will reflect bargaining success or failure over a sustained period, it will indicate long-term 'winners' and 'losers': those who have achieved what they want and those who have not. On the union/employee side, divergent reward preferences will indicate potential intra-organisational pressures. Similarly, following Karimi and Singh (2004), complementary reward preferences between union and management may lead to increased union legitimacy in the eyes of management.

With the addition of reward preferences and the refinements to the handling of process, the conceptual framework for the study is adopted according to this discussion. The linkages illustrated in the model are derived from the discussion in the literature review chapter (summarised in figure one) and will provide a starting point for analysis. The model as a whole will be utilised within the research methods employed through their influence on the design of research instruments.

2.10. Summary

This discussion of the literature supports the development of a conceptual framework for analysis based upon a context-ideology-process-outcomes model. The key features of the model reflect the main findings from this discussion of the literature.

There are four key features in this model: context, ideology, process and rewards. Context stands outside of the employment relationship in the sense that the relationship will not (in normal circumstances) affect the context. To this extent, in the context of this thesis, context will be regarded as an independent variable with anticipated effects upon both the employment relationship and the reward system in various ways.

Context acts as a constraint and a driver for the employment relationship. Product markets, and the strategies that firms employ in response to product market conditions being important in this regard. Relative success in product markets has been associated with aspects of the employment relationship. The effect of context on ideology being that tight competitive environments encourage unitarist values and a shift from cooperative to conflict patterns. These product market pressures are also associated in employment relations processes with a move towards more conflictual approaches, although the same pressures have also, conversely, been cited as the *raison d'être* for increased cooperation and specifically partnership relationships.

The contextual nature of labour markets is also significant; the orientation upon either internal or external labour markets, the degree of fragmentation in external labour markets, and the changing composition of labour markets are all seen as significant factors affecting the employment relationship. These factors are typically associated with employment relations

processes. Compositional change in labour markets has been associated with collective bargaining decline, whilst the fragmentation of external labour markets has thrown up challenges for the traditional priority given to internal equity considerations in collective bargaining.

Context also has an important influence upon rewards. In general terms, alternative reward strategies represent alternative responses to contextual contingencies. Specifically, employers have increasingly looked to external labour markets as a reference point for price setting, hence the pressure on internal equity considerations, and the increase in firm level decisions on pay at the expense of industrial or sectoral pay setting. Reward decisions are also increasingly influenced by product market conditions. Whilst on one level this simply represents an affordability issue (so that mutual gains in rewards are dependent upon benign conditions); on another level particular configurations of reward mix are linked to a variety of product market conditions.

The nature of work technology is also associated with labour market issues although has an independent influence with regard to questions of work control, autonomy and power. Low autonomy has been associated with low cooperation in employment relations processes.

Two key features of the employment relationship proper are considered here, ideology and process. Ideology provides rationales for parties' behaviour within the relationship. Trust, friendliness, motivational orientation, and beliefs about the other parties' legitimacy have been cited as important manifestations of ideology. As has already been discussed, ideology is influenced by context; that is, context is seen as the independent variable, ideology being the dependent variable.

Processes lie at the heart of the employment relationship, and can be classified according to whether they are concerned with: the nature of issue resolution (distributive-integrative); altering the normative orientations of parties (attitudinal structuring); or resolving principal-agent issues (intraorganisational).

Rewards are an important outcome of the employment relationship. Reward forms have become increasingly complex; though they can be classified according to the decisions made in respect of the basis for pay, design choices, and the administrative framework.

The relationships between ideology, process and rewards are more complex to interpret than the effect of context, because of the potential for influence to operate in both directions. The literature tends to consider these influences independently, so, for example, some studies may consider ideological influences upon process whilst others would consider the influence of elements of process upon ideology and so on. The potential for these influences to flow in both directions between ideology, process and rewards indicates the prospect of feedback loops. To this extent, in the context of this thesis, the relationships between these elements will be regarded as interactions.

The literature identifies a range of influences of ideology upon employment relations processes. The advance in unitarist management ideology is associated with the growth of non-union forms and with the absence of distributive and procedural justice processes. Ideology also apparently influences bargaining *style*: low trust being associated with 'shrewd' bargaining, cooperation being dependent upon the absence of hostility. Employee liberation from acceptance of status quo is associated with mobilisation. 'Control' ideologies are associated with conflictual processes, whilst 'commitment' and trust are associated with cooperation. Similarly, ideology appears to constrain the *scope* of bargaining, with cooperative and adversarial ideologies influencing the range of issues that bargaining can encompass. Tensions between aspects of ideology and bargaining are also apparent. Intraorganisational bargaining expectations of principals have been identified as a barrier to cooperation between bargaining agents, whilst closeness between bargainers has been cited as a source of intraorganisational conflict.

Process influences upon ideology are also evident. The potential for bargainers to adopt a desired relationship pattern as a bargaining objective is noted. The impact of previous bargaining experiences upon the relationship pattern has been highlighted, specifically the

potential for an increase in ideological militancy as a result of bargaining failure. Finally, tensions in the principal-agent relationship have been associated with reduced employee trust.

Ideology is linked with rewards in three ways: firstly in the manner in which rewards are interpreted, that is, norms and values are seen to influence their interpretation, specifically that mutual trust is an important factor in the acceptance of rewards. Secondly, that a cooperative union ideology improves the performance of the reward system. Finally, rewards are seen to influence ideology in respect of union adoption of alternative rewards having a pay-off in enhanced legitimacy in the eyes of management.

Process has been associated with important reward effects: cooperative employment relations being linked to lower pay levels whilst militancy is, conversely, associated with union bargaining success. Collective bargaining decline is connected with steeper wage inequality and hierarchies, grade broadening and declined union justice effects. The role of integrative bargaining has been considered as inappropriate for economic issues, whilst employee involvement has been identified as a precursor to reward success.

Rewards are also seen as having an effect on process issues. This is particularly concerned with the anticipation of rewards, the substantive expectations of parties engaging in bargaining being identified as a potential barrier to cooperation. Similarly, choices about the nature of bargaining are informed by parties' consideration of likely outcomes.

Chapter 3. Methodology

3.1. Introduction and research aim

The previous chapter illustrated the largely coherent, though fragmented, state of knowledge concerning the intersection between the employment relations and employee rewards systems. There is a considerable amount knowledge concerning the various elements of these two systems and certain linkages between the elements.

Studies of the intersection between the employment relationship and employee rewards are faced with three broad choices of focus, along with subsequent choices of approach. Firstly, one could regard the employment relationship as an independent variable and seek to understand the effects of its various elements upon reward outcomes. One could undertake a study such as this from a positivist philosophy: defining appropriate variables and utilising data sets in order to discover correlations between them. An alternative, subjectivist, research philosophy might be more concerned with discovering the nature of how reward determination responds to particular contexts; an interpretivist attempt to uncover the nature of the processes involved. This would imply a qualitative strategy, identifying the processes by which parties define their reward interests and objectives and the study of the means and mechanisms by which agreement around reward is reached. A case study approach might typically be utilised in respect to this (Kitay & Callus, 1998). It is reasonable to assume that the adoption of various forms of employment relations will have an impact upon the adoption of reward practices. The anticipation of employee and/or union reward expectations is a central aspect of reward system design (Milkovich & Newman, 2005; 2008). To this extent, altering the nature of the employment

relationship should be discernible in the reward outcomes, or alternatively at least be able to be identified through the design process. This would suggest that this approach is viable.

Secondly, one could regard employee rewards as the independent variable and seek to understand its effects upon the employment relationship, adopting either deductive or inductive research strategies according to one's preferred philosophy. This approach, however, is predicated upon the expectation that the nature of reward outcomes will provide explanatory value in respect of the employment relationship forms that 'created' them. This expectation would appear to rest upon the assumption that rewards represent *solely* the fundamental expression of the employment relationship. Whilst this is broadly accepted within the employment relations literature, within reward theory the design of reward systems is seen to relate primarily to competitive strategy. This might suggest that the definition of the nature of the employment relationship by reference to the nature of the reward system could be problematic.

However, none of the extant literature has considered the intersection of reward and relations systems as wholes. Considering the back and forth relationships between these systems that have appeared in the literature, the absence of a single study that: de-emphasises the issues of independent and dependent variables; treats the employment relationship and employee rewards as intersecting *systems*; and seeks to understand the nature of their intersection is a notable gap in knowledge. This approach is concerned with understanding how these systems interact, tracing the processes and decision-making from the employment relations system to rewards and back again. The literature in this area illustrates the *interaction* of employee rewards with the employment relationship; the influences operate in both directions (at least as far as ideology, process and reward outcomes are concerned). Whilst the literature has captured aspects of this interaction, there are no existing system-wide studies of these interactions.

This research aim provides an opportunity to fill this gap in our knowledge of these important organisational systems and, as such, will provide the focus for the study. The philosophical and methodological implications of this choice of approach are considered in this

chapter, providing a discussion of the choices taken regarding the overall aims of the study, along with the means to achieve them.

3.2. Research philosophy

Embarking upon a research project comprises a range of choices that ultimately find expression in the application of particular research methods, typically represented by the ‘great divide’ between quantitative and qualitative approaches. This distinction, though, may be misleading, as quantitative and qualitative approaches are lower order decisions and not intrinsically contradictory. The real distinction, rather, operates at a higher level, principally at the level of epistemology, or theoretical perspective and is reflected in a broad orientation towards research philosophy.

Research philosophy choices comprise decisions concerning ontology and epistemology; that is the subjective-objective debate; along with the taking of positions between the sociologies of regulation and radical change (Burrell & Morgan, 1979). Ontological considerations are concerned with the nature of the social world: whether ‘reality’ is external to the individual or simply the product of consciousness. These distinctions are mirrored in epistemological debates concerning the nature of knowledge, the question of *how we know what we know* (Crotty, 1998: 8). Objectivist-positivist traditions assert the possibility of being able to explain and predict social phenomena through the identification of regularities and causal relationships. Three main epistemological positions are apparent: objectivism, constructionism, and subjectivism, although subjectivism falls beyond the scope of the discussion here.

The nature of epistemological choices represents fundamental positions in the research design process. Whilst pitting qualitative versus quantitative methods is largely an erroneous distinction, the distinction between objectivist and constructionist epistemologies represents a more serious proposition. As Crotty explains, “Our research can be qualitative or quantitative, or both qualitative and quantitative, without this being in any way problematic. What would seem to be problematic is any attempt to be at once objectivist and constructionist” (1998: 15).

The objectivist epistemology holds that meaning is not attached to consciousness. Things carry their own, objective meaning, free of the need for subjective validation. As such, research activities grounded in an objectivist epistemology are simply uncovering objective meanings and truths.

The anti-positivist (Burrell & Morgan, 1979), or constructionist (Crotty, 1998) position emphasises that the social world can only be understood from the perspective of the individuals involved. From this perspective meaning is not simply uncovered, but constructed; meaning is contingent upon the perspective that different people may bring to a particular phenomenon. Phenomena do not occupy an uncontested space wherein their meaning is obvious and unambiguous; rather their meaning is interpreted and contentious. This combining of ‘object’ and ‘consciousness’ lies at the heart of constructionist epistemology, as Crotty describes it, “no object can be adequately described in isolation from the conscious being experiencing it, nor can any experience be adequately described in isolation from its object” (1998: 45).

A researcher’s choice of epistemology will clearly have a major impact upon the nature and conduct of any particular research project and ultimately how we present and interpret our findings – whether we are seeking to uncover fundamental truths, or rather to ascertain the ways in which humans interpret and ascribe meaning.

A positivist approach to this project would attempt to uncover some statistical relationship between some simplified model of the employment relationship, perhaps Kelly’s (2004) ‘employer dominant-labor parity’ continuum, and some defined variant of reward system, perhaps Gomez-Mejia and Balkin’s (1992) algorithmic-experiential model. Aside from uncertainties relating to the availability of appropriate comparative data-sets there are some additional concerns about how much such an approach would inform our understanding of these issues. Similarly to the discussion of research aims, there is a legitimate question concerning the extent to which the form of employment relationship *solely* informs the reward system design. Additionally, given the complexity of the employment relationship and of the reward system and

the consequent range of potential variables involved, it is doubtful whether such an approach would be able to shed much light on the interaction between the systems as a whole.

Applying a constructionist approach to this study may be more successful in discerning the contribution of the employment relationship to the reward design process. The multitudinous nature of values that inform decision-making and interactions between various parties involved in diverse processes in a variety of contexts may be more amenable to an inductive case study research strategy, rather than the assembling of statistical relationships.

The dominant ontological approach in employment relations research is realism; that the underlying structures of the relationship, organisations, employees, unions are real, social facts (Durkheim, 1982). This approach will be adopted here. However, ontological realism does not necessarily simply translate into positivism with regards to epistemology. Constructionism asserts meaning in the combination of the 'real' object with consciousness, to this extent, as Crotty argues, ontological realism is entirely consistent with constructionism (1998: 64).

Employment relations research often resides towards the subjective boundary of the functionalist paradigm, acknowledging the contested nature of the employment relationship. The meaning of the relationship for participants and their interpretation of it is significant, and is indeed of central concern to this study. There is a desire to understand and interpret the competing viewpoints of parties towards various aspects of their relationship. This contestation within the employment relationship points up the presumption of the existence of conflict. Taken together, the resulting philosophy employed here reflects pluralist theory.

3.3. Research strategy

The nature of this study's research aims represents a profound influence upon the choice of research strategy. Yin (2003: 5) identifies three types of conditions that should be considered in the choice of research strategy: the type of research questions posed, the extent of control a researcher has over events, and the relative focus on contemporary versus historical events.

The focus of this study falls squarely within Yin's 'how' and 'why' types of questions; specifically *how* and *why* are the employment relationship and the employee rewards system interconnected. There is, as Yin puts it, an interest in "operational links needing to be traced over time, rather than mere frequencies or incidence" (2003: 6). There is no desire, nor opportunity to control the events under consideration here. There is also a primary focus upon contemporary issues, albeit with an understanding of how those issues have been influenced by historical developments. Yin draws attention to a further condition for the suitability of case study research: when the boundary between the context and the phenomenon are unclear. As we have seen in the discussion of the literature, contextual factors are regarded as having an important, though sometimes ambiguous, role in the nature of both the employment relationship and employee rewards.

Using Yin's model, this combination of conditions would typically suggest the adoption of a case study strategy. Such an approach provides the means by which rich understanding of the 'how' and 'why' issues can be ascertained, whilst also providing access to the full repertoire of historical and contemporary sources of evidence of what autonomous research subjects choose to do, taking proper account of contextual influences.

The orientation of the project within the employment relations discipline also brings certain methodological debates into focus. The empirical study of employment relations has a strong inductive, institutional tradition (Strauss & Whitfield, 1998). There has been an emphasis on the holistic examination of organisations, taking account of organisational context and history. To this extent, much research in this tradition has made use of qualitative methods, particularly the case study, reflecting the predominance of the types of research objectives common in this field.

There is a smaller hypothetical-deductive tradition, though these have more typically been associated with labour economics or industrial psychology. The deductive approach appears to have become more noticeable in this field more recently, and the existence of data sets such as WIRS/WERS has provided a widely available mechanism for theory testing.

The optimisation of validity will be central to the choice of research strategy, and the balancing of the various dimensions of validity between alternative strategies will provide a basis for evaluating the relative merits of the choices available to the project. The dimensions that we are concerned with are: construct, external, and internal validity. It is unusual to achieve high degrees of all dimensions, and so choices will tend to reflect trade-offs between the various dimensions (Strauss & Whitfield, 1998).

Case study approaches would be relatively strong in respect of construct and internal validity, though weak on external validity. It might be possible, by way of appropriate case sampling to improve external validity. This would involve theory building from the initial case, and subjecting it to testing in subsequent cases in a comparative case study method. The difficulties of replicating such studies has called into question its external validity, although Scott has stressed that its validity is “more appropriately judged not by whether or not it can be replicated, but rather by the care with which it is collected and analysed” (1994: 36).

The issue of the generalisability of case study results is also at point here. The quality of case study research will, at least partly, be determined by the extent to which it enables “evidence of behaviour in particular enterprises to shed light upon issues which are common to a wider range of organisations” (Scott, 1994: 30). Thus, the choice of cases that have a broader relevance is an important issue to consider. Comparative case studies can further assist in the generalisability of the research, and the choices in the selection of comparative cases are equally important. There is enormous diversity between organisations, as such a comparative study may wish to examine the research question with respect to this diversity in order to illustrate and explain the differences in workplace behaviour in various contexts (Lupton, 1963; Edwards & Scullion, 1982). Alternatively one might wish to restrict the diversity of the cases in order to illustrate the issue of choice in the observed differences of approach, minimising the effect of context (Scott, 1994). The basis upon which cases might be either differentiated or aligned will relate to the dimensions of the conceptual framework, discussed below.

The statistical analysis of data sets would be relatively weak in terms of construct and internal validity, though stronger in external validity.

For this study the adoption of a case study based strategy appears to provide the most benefits. The desire to locate the analysis as the interaction of systems requires the facility to identify a wide range of features. Some of these might reasonably be regarded as objective, such as the nature of certain aspects of the rewards system, whilst others may be subjective, such as the parties' interpretations of aspects of the rewards systems, or the interactions in the employment relationship. The case study allows the capture of multiple types of data, through the incorporation of various methods of data collection within a coherent case.

3.4. Case study design

Yin's (2003: 21) discussion of case study design comprises five components:

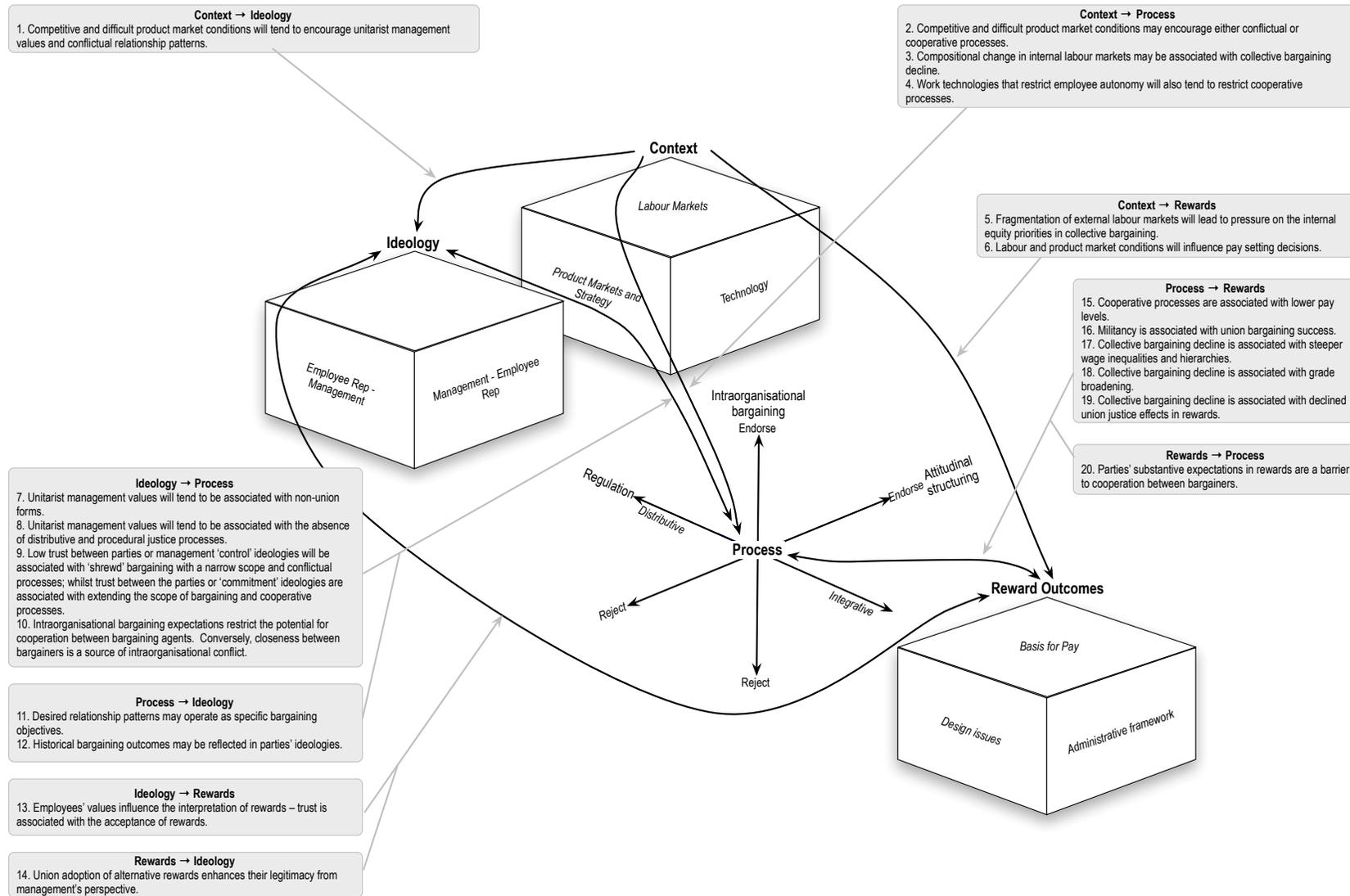
1. The study's questions;
2. Its propositions;
3. Its unit(s) of analysis
4. The logic linking the data to the propositions; and
5. The criteria for interpreting the findings.

These components will be adopted here for the purposes of considering the application of a case study approach for this project.

3.4.1. The study's questions

As discussed previously, this study is concerned with the interactions between the employment relationship and the employee reward system. It has also been asserted that the nature of this concern focuses upon the central questions of *how* and *why* these systems are interconnected. However, whilst this indicates the utility of a case study strategy in general, it does not in itself indicate what this case study should concern itself with in particular. As a broadly exploratory study, the principal intention here is not to test specific propositions, particularly as the majority of the literature has considered the relevant issues in largely isolated terms, as opposed to the systemic approach advocated here. However, the extant literature does

Figure 3 Conceptual model showing development of the study's propositions



provide a guide to appropriate areas of concern, for the conduct of this study. These are set out in the proceeding section.

3.4.2. Propositions

The propositions to be considered within this study represent an attempt to operationalise some of the core concepts identified within the review of the literature in line with the scope of the study.

Figure one illustrates the central elements from the literature review: context, ideology, process and reward outcomes along with the linkages between them. The most prominent and relevant areas of discussion are also set out in respect of each element and linkage. This provides the starting point for the conceptual framework to be adopted here. Figure 3 illustrates the development of those linkages into propositions, which are also set out below.

3.4.2.1. Context

Context will operate as an independent variable. The effects of context are anticipated in the following ways:

1. Competitive and difficult product market conditions will tend to encourage unitarist management values and conflictual relationship patterns.
2. Competitive and difficult product market conditions may encourage either conflictual or cooperative processes.
3. Work technologies that restrict employee autonomy will also tend to restrict cooperative processes.
4. Compositional change in internal labour markets may be associated with collective bargaining decline.
5. Fragmentation of external labour markets will lead to pressure on the internal equity priorities in collective bargaining.
6. Labour and product market conditions will influence pay setting decisions.

3.4.2.2. Ideology, process and rewards

Ideology, process and rewards tend to operate co-dependently. The anticipated interactions are as follows:

3.4.2.2.1 Ideology ↔ process

7. Unitarist management values will tend to be associated with non-union forms.
8. Unitarist management values will tend to be associated with the absence of distributive and procedural justice processes.

9. Low trust between parties or management 'control' ideologies will be associated with 'shrewd' bargaining with a narrow scope and conflictual processes; whilst trust between the parties or 'commitment' ideologies are associated with extending the scope of bargaining and cooperative processes.
 10. Intraorganisational bargaining expectations restrict the potential for cooperation between bargaining agents. Conversely, closeness between bargainers is a source of intraorganisational conflict.
 11. Desired relationship patterns may operate as specific bargaining objectives.
 12. Historical bargaining outcomes may be reflected in parties' ideologies.
- 3.4.2.2.2 Ideology ↔ rewards
13. Employees' values influence the interpretation of rewards – trust is associated with the acceptance of rewards.
 14. Union adoption of alternative rewards enhances their legitimacy from management's perspective.
- 3.4.2.2.3 Process ↔ rewards
15. Cooperative processes are associated with lower pay levels.
 16. Militancy is associated with union bargaining success.
 17. Collective bargaining decline is associated with steeper wage inequalities and hierarchies.
 18. Collective bargaining decline is associated with grade broadening.
 19. Collective bargaining decline is associated with declined union justice effects in rewards.
 20. Parties' substantive expectations in rewards are a barrier to cooperation between bargainers.

3.4.3. Unit of analysis

Yin (2003: 24) notes the importance of defining what constitutes the 'case' and the relationship between this definition and the research questions. This study is concerned with the nature of the employment relationship in terms of its interaction with the design of reward systems. To this extent the 'case' is the employment relationship, with the reward systems regarded as an outcome, or expression of that relationship.

A number of further considerations concerning the delineation of the case here should also be discussed. Firstly, not every employment relationship would be appropriate for inclusion as a case in this study, particularly in view of its exploratory nature. The objective to explore the employment relationship and its reward outcomes suggests the desirability of both elements being fully present within the same case. Whilst this might sound commonsensical, a large number of potential cases would not fulfil this condition; primarily where reward decisions were taken

beyond the level of the local employment relationship; this would be likely to introduce an undesirable degree of complexity when attempting to interpret the interactions.

To this extent the appropriate level of analysis will be the appropriate bargaining unit for reward determination. There is substantial evidence tracing the decline of national or industry level pay bargaining (Brown, 1993; Brown, Marginson & Walsh, 1995; Milner, 1995; Brown *et al.*, 1998; Brown, Marginson & Walsh, 2001; Charlwood, 2007), this has been accompanied in the growth of individualised pay decisions under management discretion (Metcalf, Hansen & Charlwood, 2001; Kersley *et al.*, 2005), at workplace level. However the design of the reward system itself, and the point at which the interaction of the employment relationship could be discerned would be at a higher level, ordinarily at plant or organisational level, at least within the private sector.

Study of individual pay decisions at workplace level might successfully be the subject of an ethnographic approach, however this project is concerned with higher-level decisions. Plant level reward /relations interactions would appear to lend themselves to case study analysis, which may also be appropriate at organisational level, although organisational level analysis might also present the possibility of statistical analysis of quantitative data.

Determining the unit of analysis does not just require the consideration of ‘where?’, but also ‘who?’. The primary concern with the employment relationship draws attention to the parties that constitute the relationship. The nature and role of the parties in the employment relationship is well established, at a local level constituted by employees and their representatives (or representative institutions), employers and their managerial representatives. In the context of this study, the boundaries of the ‘case’ will largely reflect the attitudes and interactions of these parties.

3.4.4. Linking data to propositions

Yin (2003:111-114) describes three general analytic strategies that may be employed in case studies: relying on theoretical propositions; thinking about rival explanations; and developing a case description. These first two strategies require clear theoretical propositions, set

out here in 3.4.2. The concern here with discerning the systemic interactions also suggests the use of Yin's third strategy, in which the systematic description of the pertinent aspects of the cases, will provide the basis for inferring patterns and associations between the various phenomena.

3.4.5. Criteria for interpreting findings

Yin also sets out a number of specific analytic techniques that complement these strategies. Two varieties of pattern-matching approaches are discussed, although these tend to rely upon the prior establishment of theoretical propositions, similar to the first two strategies discussed in 3.4.4. One other analytic technique, explanation building, is suggested in studies where such theoretical predictions have not been established prior to data collection and is similar to the approaches suggested for hypothesis building by Glaser and Strauss (1967). The central characteristic of the *explanation building* approach is iteration: that the explanation is gradually built to encompass the various aspects of the case, and subsequently compared to additional cases. This study does not neatly fit into the categories suggested by Yin. A substantial amount of theory exists concerning various elements under consideration here. However, the development of a systemic approach, incorporating each of the elements within a single model has not been apparent. As such the interpretation of findings will incorporate aspects of both pattern matching and explanation building approaches.

3.5. Choice of cases

The number and choice of cases to include within the study is a major design consideration. Yin (2003: 40-42), suggests a number of rationales that might indicate the adoption of a single case design. The first rationale is when the case may represent the *critical* test of a well-formulated theory. The second rationale is when the case represents an *extreme* or *unique* case. The third rationale is when the case may be *typical*. The fourth rationale is when the case may be considered *revelatory* – providing access to previously inaccessible phenomena. The fifth rationale is for a *longitudinal* study. Of these five rationales, only the third might potentially be relevant here. However, given the variety of both employment relationships and

employee reward systems, the possibility of identifying a *typical* case is not feasible. As such, a single case design will not be adopted here.

Yin also contrasts case designs in which the case is treated *holistically* from those where various sub-units of the case are regarded as additional *embedded* units of analysis. Obvious sub-units are apparent within the employment relationship (the various parties), accompanied by an extant range of theoretical propositions relating to the parties and the areas of interest within the scope of the study. Consequently an embedded approach appears appropriate here.

The choice of a multiple case design requires decisions regarding how many and which cases to select. The broad decision is driven, according to Yin, by replication logic, that is, by the desire to replicate findings in one study by conducting further studies in order to enhance the robustness of those findings. Two approaches towards replication might be considered: *literal* replication, where similarities between the selected cases predict similar results; or *theoretical* replication, where contrasting results based upon difference might be predictable.

A number of factors have driven the selection of cases in this study. Firstly, given the absence of established theory, literal replication might be suggested in order to develop the initial theoretical framework; theoretical replication might reasonably follow in subsequent studies. Secondly, resource limitations limit the number of initial cases that can be undertaken in this study. This small number might also point towards literal replication in order to avoid confusion over whether different results are due to difference in the cases themselves or merely the effect of different contexts. Thirdly, the nature of the conceptual framework, the effect of which is set out in greater detail below.

The nature of the study itself and the tools at hand provide at least part of the means for determining the choice of cases. The focus on the employment relationship and the adoption of bargaining process frameworks for analysis suggests that cases should be located in the unionised sector. Theoretical tools in this area remain much better developed concerning unionised employment relations as compared to non-union relationships, with some recent exceptions (McLoughlin & Gourlay, 1992; Dundon & Rollinson, 2004; Dietz, Cullen & Coad, 2005; Gollan,

2005). As it currently stands, the conceptual framework is not suited to the analysis of non-union relationships, although it could be adapted to such given further development to the elements of process.

The reward features of the study also suggest that the choice of cases be restricted to the private sector. In seeking to discern the intersection between the employment relationship and the rewards system, it simplifies matters if the decision-making processes concerning the employment relationship and employee rewards share the same boundaries. Despite some moves towards local pay bargaining in the public sector (Bach, 1998; Thornley, 1998; Grimshaw, 2000), much pay determination is above business unit level, often at national level. This would make concurrent analysis of relations and rewards unwieldy at best, impossible at worst. In the private sector, the devolution of pay determination to local level is the norm. Whilst the 'external' impact of parent companies against both relations and reward decisions should not be ignored, there is a much neater fit here than would easily be found in the public sector.

The shrinking of the unionised private sector, largely to manufacturing organisations (Brown, Marginson & Walsh, 2001; Ebbinghaus, 2004; Charlwood, 2007; Brown & Nash, 2008) suggests that the *availability* of cases is likely to represent similarity rather than difference. To this extent, it may be wise to make a virtue of necessity and prioritise similarity in the choice of cases. Future application of the framework to include non-union forms will provide the opportunity to examine a more diverse selection of cases.

Beyond these objective considerations, the selection of cases might also be reasonably informed by the advice of key informants (Kitay & Callus, 1998: 106). In this study, the advice of senior union full-time officers was sought concerning the identification of potential employment relationships that might exhibit the range of practices and characteristics that were of interest. This approach also enabled research access to the first case (FoodCo) being granted relatively easily. The intention to pursue a literal replication of FoodCo in a second case initially aimed at FoodCo's previous parent company, which maintains a similar sized operation in the same sector a few miles away from FoodCo. Unfortunately, it proved impossible to secure access

there, and so an alternative case (PowerCo) was identified. FoodCo and PowerCo share a number of characteristics, and so meets the intention of literal replication, albeit not as neatly as desired.

Both cases are large, unionised, private sector, manufacturing organisations in the North of England. They also share some workforce demographic characteristics, with a large proportion of older, long-serving employees. In each case there were very high levels of union membership, with long traditions of unionism, and in each case the lay union representative(s) had the principal employee side role in the relationship. However, there are some differences of note; one case is located in food manufacturing, with a high proportion of semi-skilled employees undertaking often repetitive production line work; the other is in heavy engineering, with a high proportion of skilled and professional employees often undertaking work with greater autonomy.

The first case study (FoodCo) was undertaken during July 2006. The second (PowerCo) was undertaken during April/May 2008.

3.6. Data required

Using the conceptual framework as a guide, the data required for this study can be anticipated. This will be considered briefly, prior to a discussion of which research methods may be appropriate to employ.

3.6.1. Context

The context will be addressed through subjective perceptions of internal and external labour market conditions, the nature of work technology employed, along with product market conditions and competitive strategy responses. Context has been linked to ideological effects, impact on bargaining form, and linked to reward outcomes. Whilst the perceptions of *all* parties are potentially significant, the significance of the *bargaining* parties' perceptions is greater, owing to their direct role in bargaining processes and the development of rewards; alongside the impact that perceptions of context may have on the ideology of all parties.

3.6.2. Ideology

Ideology will be addressed, as discussed above, using Walton and McKersie's (1965) relationship patterns model. The model is concerned with parties' attitudes towards each other regarding motivational orientation, legitimacy, trust and friendliness. The study will also be concerned with the relationship patterns that the parties believe are held towards them by the others. Ideology has been linked to the nature of bargaining in both directions; it is seen as affecting bargaining form, and being influenced by bargaining outcomes. Again, the ideology of all parties is of interest here, although the ideology of the bargaining parties will have most salience because of their involvement in bargaining processes.

3.6.3. Process

Walton and McKersie's (1965) framework provides the basis for the analysis of process. This framework is rooted in the classification of bargaining behaviours, as such this study will be concerned with identifying behaviours among the bargaining parties that correspond to the bargaining forms. The forms are distinguished between distributive and integrative bargaining; communal and partisan versions of attitudinal structuring; and overt and covert intra-organisational bargaining. The dominant forms of bargaining across the relationship are of interest, as are differences in bargaining form and intensity between bargainers. Tensions between the various forms of bargaining have been noted in the literature, as have two-way interactions between reward outcomes and processes. Links between ideology and processes have already been discussed.

3.6.4. Reward outcomes and preferences

Rewards are to be characterised using Gomez-Mejia and Balkin's (1992) framework. This allows for the distinction of broad algorithmic and experiential reward strategies. However, reward practices are also characterised by type: basis for pay, design issues, and administrative framework. These sub-divisions also allow for some finer comparisons to be made. Whilst reward outcomes will draw upon rewards in practice, reward preferences will be concerned with the preferences of parties, utilising the same framework. Links between context, process and

outcomes have already been discussed, whilst the putative links between ideology, process, outcomes and preferences have been suggested in the earlier discussion of reward preferences.

3.7. Research methods

3.7.1. Potential methods

There are a range of choices and issues in determining the appropriate mechanism for the capture of these data. Questionnaires might simply be considered inappropriate for two reasons: firstly they tend to be most effective in the collection of quantitative data to be subject to statistical tests, this is not the intention of this study. Andrew Scott has described questionnaires as insensitive instruments which are less effective when the nature of the subject matter is uncertain, that they “depend upon systematically identifying practices at times when they are trying to find expression” (1994: 27). Secondly, this kind of rigorous statistical analysis is concerned with the isolation of independent variables, or practices, and the identification of their effect. Kochan and Osterman (1994) suggest that, for the study of (mutual gains) employment relationships, “this is the wrong question and the wrong test” (60). These models encompass a broad range of organisational practices that are understood to be mutually reinforcing. Kochan and Osterman conclude that “Since it is harder to measure empirically all these organizational practices, this approach encourages broader, more qualitative case studies and self-reports of the parties’ experiences with these innovations, and their own assessments of the results.” (64)

However, ascertaining data from a large sample (a workforce, for example) may be impracticable other than by use of survey instruments. Similarly, the consistent collection of complex data from a smaller sample might also imply the appropriate use of a questionnaire.

Structured interviews will tend to result in similar limitations to that described for questionnaires. In depth interviews will provide greater opportunities to explore the terrain of employment relationship, allowing participants the opportunity to expand upon their ideas and experiences and enabling the identification and appreciation of subtle data that might otherwise be invisible (Morris & Wood, 1991). This approach is not, however, without its limitations. Sole reliance upon the reflections of participants might tend to exaggerate issues of change (Morris &

Wood, 1991: 278). The analysis of a broader range of materials taken over a considerable period of time has been suggested as a means of rectifying this shortcoming (Marchington & Parker, 1990; Marchington *et al.*, 1992b). This might suggest a range approaches from the incorporation of documentary analysis and observation, to an ethnographic study.

3.7.2. Linking methods to data required

The required data will be observable in a variety of organisational contexts. Ideology may best be ascertained through the self-reporting of parties, as would their reward preferences. In the case of distributive bargaining the ideal venue would be the negotiating table. Observation of negotiating behaviour could be undertaken by direct observation, or by audio-visual recording. In either case it may prove to be problematic to achieve the necessary level of trust for parties to entertain this level of research access. Alternatively it may be possible to build up a retrospective view of the range of behaviours present through in-depth interviews, focus groups or surveys of participants. Access to integrative bargaining activity may be less contentious because of its cooperative nature. The sites for observing integrative bargaining will typically be broader than with distributive bargaining, encompassing problem-solving groups and other such committees.

Attitudinal structuring behaviours may be possible to discern using data collection methods away from direct bargaining activities, although the subtleties involved may be missed in retrospect. Intra-organisational bargaining may be the most accessible, as it will tend to be observable in semi-public situations (at least on the union side) through union publicity materials, or in meetings of the wider union membership.

Reward outcomes can often be identified objectively, by reference to documentary data. However, the classification of reward practices on the algorithmic-experiential continuum may require some subjective interpretation.

3.7.3. Choice of methods

Observation of bargaining situations proved impracticable, largely for reasons of access. Consequently, data was collected through three methods: semi-structured, in depth interviews with key informants; surveys of all parties, where possible; and documentary analysis.

Eleven in depth interviews were undertaken in the case organisations with the bargaining parties: managers with direct responsibility for the employment relationship and employee rewards; the union full-time official; and senior lay union representatives. Four of these were at FoodCo: one each with the finance director, union convenor and GMB full-time official, and another joint interview with the finance director and convenor. Seven interviews were at PowerCo: one each with the HR director, the operations manager, the Unite full-time official, and the four lay officials covering the respective parts of the workforce. The interviews were concerned with context, ideology, process and outcomes (the themes addressed in the interviews are set out in appendix one). Each interview was between 45 minutes and one and a half hours in duration and was recorded and transcribed.

Survey instruments were utilised. One questionnaire was provided to the bargaining parties, with questions concerning ideology, processes and reward preferences. This was administered immediately subsequent to the interview with the opportunity to solicit clarification concerning the meaning of any particular question. The administration of the survey in this way was intended to make use of the interview discussion to prompt parties to reflect upon the nature of their interactions within the employment relationship as well as their approach towards rewards. The immediate administration of the survey would provide for the capture of these reflections in a categorical manner.

Access to employees was available in one case. Here, a shorter questionnaire, dealing with ideology and reward preferences only was administered. The questionnaire was offered to employees, on the basis of random sampling, as they took their break in tearooms. The survey was self-administered, although again with the opportunity to solicit clarification if required. Data from 78 completed questionnaires was gathered, representing 20 per cent of the relevant population. The profile of respondents closely matched that of the population against gender, age, length of service and position in the pay structure. Organisational documents concerning reward outcomes and context were also accessed.

Qualitative data from the interviews and documents was collected and stored within a case study database (Yin, 2003: 101) and subjected to template analysis (King, 1998) using the TAMSA Analyzer application. The coding template (appendix nine) provides a hierarchical representation of themes derived from the literature presented in chapter two. The four central nodes of analysis (context, ideology, process, reward outcomes) provided the highest points of the hierarchy, with subordinate themes attached reflecting the conceptual framework established above. Data was coded according to the framework set out in appendix nine and the analysis was developed from the comparison of data categorised within these themes.

Other data from these sources, particularly the reward outcomes data, was tabulated to enable classification under the framework discussed earlier. Quantitative data from the employee survey was subjected to statistical analysis using the SPSS application. As nominal data was gathered, the measure of central tendency utilised was the mode, whilst the Pearson chi-square test was utilised for cross-tabulation. Cross-tabulations were calculated in order to identify significant associations between ideology, reward preference and demographic variables.

3.7.4. Research instruments

The three research instruments are included in the relevant appendices: interview scheme (appendix one); bargainers' questionnaire (appendix three); and employees' questionnaire (appendix four).

The interviews were loosely structured around the relevant themes developed from the literature (set out in appendices one, two and nine). Substantial latitude was afforded to participants in order that they were able to provide unanticipated information. The ordering of the topics was also left open so that the exchange flowed more naturally and opened the way for the linking of topics as they made sense to participants. An important objective of this loose structuring was to achieve access to the historical aspects of the case organisations. All of the interview participants had been longstanding parties to the employment relationship and were able to draw upon substantial histories in order to contextualise their understanding of the issues of concern.

There was some intersection between themes pursued through qualitative approaches and that pursued by quantitative approaches, particularly regarding: ideology, attitudinal structuring, intraorganisational bargaining and the reward system. Where this existed there was an opportunity to compare respondents' narrative descriptions of these features from the interviews with the categorical responses from the surveys. However, certain themes were exclusively pursued through the interviews, specifically the nature of the context and the nature of regulation processes within the employment relationship. Here parties' perceptions were not readily reducible to categories, and so no attempt to access them through the survey was attempted.

The questionnaires aimed to discern parties' attitudes towards each other (ideology), bargaining behaviours (process), and reward preferences. Concern was given to translate technical or obscure concepts into everyday English, and this was pilot tested for understanding amongst a number of individuals not connected with the study.

Table 4. Walton & McKersie's relationship patterns

Respondents were asked to express their agreement with a range of statements concerning their relationship with other parties to the employment relationship. Responses are presented as points upon Walton and McKersie's (1965) relationship pattern indices.					
Attitudinal dimensions	Conflict	Containment-aggression	Accommodation	Cooperation	Collusion
Motivational orientation and action tendencies towards the other	Competitive tendencies to destroy or weaken		Individualistic policy of hands off	Co-operative tendencies to assist or preserve	
Beliefs about legitimacy of other	Denial of legitimacy	Grudging acknowledgement	Acceptance of status quo	Complete legitimacy	Not applicable
Level of trust in conducting affairs	Extreme distrust	Distrust	Limited trust	Extended trust	Trust based on mutual blackmail potential
Degree of friendliness	Hate	Antagonism	Neutralism-courteousness	Friendliness	Intimacy - 'Sweetheart relationship'

Source: bargainers' questionnaire, questions RP1 - RP8

Eight questions were devoted to ideology (RP1-RP8); these were derived from Walton and McKersie's (1965) four attitudinal dimensions: motivational orientation, beliefs about legitimacy, trust and friendliness (illustrated in Table 4). Each dimension was allocated a single answer, multiple choice, closed question. In addition, each question was repeated to allow parties

to express their beliefs about the other parties' attitudes. The answers corresponded to the appropriate relationship pattern for each dimension and coded accordingly. The numerical coding is used to indicate the balance of responses for a respondent, rather than to suggest any statistical significance.

Some attitudinal dimensions were more straightforward to operationalise than others. For example, the four included examples of the trust dimension: extreme distrust, distrust, limited trust, and extended trust could be expressed simply in question RP3 as: 'Which of the following statements best describes the extent to which you trust management/union?', with the range of responses being: 'I distrust them in the extreme', 'I distrust them', 'I have limited trust for them', and 'I have a great deal of trust for them'. By comparison, the legitimacy dimension required more delicate translation. In the model, the various elements of this dimension were presented as: 'denial of legitimacy', 'grudging acknowledgement', 'acceptance of status quo', and 'complete legitimacy'. These were presented in question RP2 as: 'Which of the following statements best describes your views about the role of management/union?', with the range of responses being: 'they have no role', 'they serve a purpose', 'they have a role, that's just the way it is and probably always will be', 'their role is their's by right'.

The self-reporting nature of data-collection employed here made it unlikely that parties would accurately define their behaviours in line with the 'collusion' pattern because of the negative associations involved. As such, only four of the five relationship patterns (conflict, containment-aggression, accommodation and co-operation) were allocated answers.

The bargaining parties were also provided with closed questions regarding bargaining processes. These questions were based upon Walton and McKersie's attitudinal structuring (AS1-AS9) and intra-organisational bargaining strategies (IC1-IC6). Walton and McKersie (1965) identify numerous bargaining behaviours that are associated with each of these bargaining strategies. Questions were developed around each of these 42 behaviours and respondents were asked to indicate the importance that they placed upon each of them, with responses organised as a five-point Likert scale, from strongly agree to strongly disagree. These responses were,

respectively, coded 2 to -2 in order to properly distinguish agreement from disagreement (illustrated in Table 5 and Table 6). The mean response for each strategy was calculated in order to indicate the importance attached to the various strategies by the bargainers rather than to suggest statistical significance.

As previously discussed, it is suggested here that a conceptual distinction can be drawn between various attitudinal-structuring strategies (along a communal-partisan dimension), and between various intra-organisational bargaining strategies (along an overt-covert dimension). The ordering of those strategies according to their respective dimension (as illustrated in tables 4 and 5) provides an illustration not just of the relative prominence of various strategies, but also of their nature.

Table 5. Attitudinal structuring strategies (adapted from Walton & McKersie, 1965)

Respondents were asked to rate the extent to which a range of attitudinal structuring tactics corresponded with their own bargaining activities.	
(Strongly disagree = -2, Disagree = -1, Neither agree nor disagree = 0, Agree = 1, Strongly agree = 2)	
Party attempts to influence the cognitions of Opponent in order that...	
...Opponent perceives the parties as having common preferences	← -2 -1 0 1 2 →
...Opponent perceives the parties as having common associations	← -2 -1 0 1 2 →
...Opponent perceives Party as associated with objects that benefit Opponent	← -2 -1 0 1 2 →
Reinforcement tactics...rewarding Opponent's behaviour	← -2 -1 0 1 2 →
...Opponent perceives himself as associated with some object that benefits Party	← -2 -1 0 1 2 →
...Opponent perceives Party as dissociated from an object that harms Opponent	← -2 -1 0 1 2 →
...Opponent perceives himself as dissociated from an object which harms Party	← -2 -1 0 1 2 →
Reinforcement tactics...punishing Opponent's behaviour	← -2 -1 0 1 2 →

COMMUNAL

PARTISAN

Table 6. Intraorganisational bargaining strategies (adapted from Walton & McKersie, 1965)

Respondents were asked to rate the extent to which a range of intraorganisational bargaining tactics corresponded with their own bargaining activities.	
(Strongly disagree = -2, Disagree = -1, Neither agree nor disagree = 0, Agree = 1, Strongly agree = 2)	
Strategy	
The negotiator attempts to persuade the principals to revise their expectations after they have developed	← -2 -1 0 1 2 →
The negotiator structures or manipulates the bargaining situation in a way that the inducement to alter expectations arises out of the situation rather than his own arguments or analysis	← -2 -1 0 1 2 →
The negotiator rationalises the discrepancy	← -2 -1 0 1 2 →
The negotiator avoids incompatible expectations	← -2 -1 0 1 2 →
The negotiator can attempt to obscure or misrepresent the discrepancy by not accurately revealing the level of achievement	← -2 -1 0 1 2 →
Tacit bargaining	← -2 -1 0 1 2 →

OVERT

COVERT

All parties were asked about their reward preferences. Single answer, multiple-choice, closed questions were developed from Gomez-Mejia and Balkin’s (1992) framework, corresponding to the algorithmic-experiential typology (illustrated in Table 7). In most, though not all, instances the natural sense of the item allowed for a mid-point position to be identified. The way in which this is dealt with can be seen in the questionnaire design (appendices 4 and 5). This model has three sections, which are reflected by groups of questions in the survey instrument: basis for pay (B1-B9), design issues (D1-D6), and administrative framework (A1-A5). The intention of this part of the survey was to uncover attitudes of the parties towards the 20 strategic pay choices identified within this model. Once again, care was taken in the translation of complex or technical terms into everyday language and pilot tested for consistency of understanding.

Table 7. Algorithmic-experiential framework

Compensation strategy		
Basis for pay	Algorithmic	Experiential
Unit of analysis	Job	Skill
Criteria for pay increases	Tenure	Performance
Level of performance measurement	Individual	Individual and aggregate
Time orientation	Short-term	Long-term
Risk sharing	Low	High
Strategic focus	Corporate	Division and business unit
Equity concern	Internal consistency	Market driven
Reward distribution	Hierarchical	Egalitarian
Type of control	Monitor of behaviours	Monitor of outcomes
Design issues		
Salary market policy	Above market pay	Below market pay
Benefits market policy	Above market benefits	Below market benefits
Incentives in pay mix	Low	High
Total compensation	Low future potential with higher immediate payoff	High future potential with low immediate payoff
Reinforcement schedule	Fewer rewards with low frequency	Multiple rewards with high frequency
Reward emphasis	Non-monetary	Pecuniary
Administrative framework		
Decision making	Centralized pay	Decentralized pay
Pay disclosure	Low	High
Governance structure	Authoritarian	Participative
Nature of pay policies	Bureaucratic	Flexible
Superior dependency	High	Low

Organisational documents were accessed in both cases. These documents comprised:

- Workforce data concerning numbers and grades of employees;
- Procedural collective agreements concerning the nature of collective representation, union facilities, and dispute resolution;
- Substantive collective agreements concerning pay, productivity and performance issues;
- Pay structure and performance management policies;
- Pay survey data.

These documents provided a mix of qualitative and quantitative data that informed the analysis of both the employment relationships and the employee reward systems in both cases. The quantitative data in particular assisted in the categorisation of certain elements of the reward

systems, for example, in the calculation of Gini coefficients for the hierarchical-egalitarian dimension. The qualitative data was coded using the framework set out in appendix nine and incorporated into the analysis of the relevant aspects of the cases.

The relationships between these constructs, their theoretical basis, their location in the research instruments, and the principal location of related findings are illustrated in appendix two.

Employees were presented with some demographic questions, largely following the conventions of the Workplace Employment Relations Survey, covering: gender, age, union membership, union activism, employment status, and length of service. An additional question concerning position in the pay structure was also included.

3.7.5. Issues encountered in the conduct of the research

Whilst the aim of this study is to consider the interactions between the *employment* relationship and the employee rewards system, there is somewhat of an absence of a distinct employee voice within the studies. In only one of the cases was data collection from the workforce permitted and, even in that case, this was limited to a survey as opposed to the in-depth interviews conducted with the other parties.

To a certain extent this absence re-casts the study as being concerned with the *industrial* relationship between management and unions, which was not the intention. It also raised a question concerning the usefulness of the employee survey data and, therefore, the appropriateness of its inclusion within the FoodCo study. In the event a pragmatic decision was taken to include the data, because of its inherent interest and relevance to the study, and to accept the limitations owing to the absence of commonality with the studies' other data.

A similar conundrum arose concerning the impact that the absence of employee data, of any description, from the PowerCo case might have on the validity of the comparative case analysis. Within the conduct of a comparative case study the aim of multiple cases is to secure replication in order to strengthen the analysis beyond that derived from a single case (Yin, 2003: 53). Whilst two cases were accessed here, the difference in data collected between them, with the

absence of an employee survey in the second, PowerCo case caused concern as to the extent of negative impact that this may have on the strength of the conclusions that may be drawn and whether to pursue this case as part of the study.

Once again, a pragmatic decision was reached recognising that, although this was problematic, the analysis of the employee survey in FoodCo could be placed to one side for the purposes of comparative analysis, and that its absence in PowerCo would not detract too much from the other aspects of the case analysis.

3.8. Ethics

Miles and Huberman (1994: 290-7) discuss a number of ethical issues requiring attention during a qualitative research study. Those that are pertinent here are presented and discussed with reference to this study.

3.8.1. Worthiness of the project

This question comprises two underlying issues: is the study worth doing, and is it congruent with the researcher's values? The ethical implications of these issues being that if the study is only being pursued for opportunistic reasons, or if there is value incongruence, then the study is likely to be pursued in a shallow way, without due care.

This study represents an issue that lies at the heart of the employment relationship, concerns over rewards representing the majority of causes of workplace conflict. It is of interest and importance to extend our understanding of these issues at individual, organisational and societal levels. From a personal perspective, I have a longstanding connection to the issues and the context of the research. Whilst my current role includes teaching employee reward and employment relations, having previously been a trade union activist and official, I am personally committed to extending understanding in these areas.

3.8.2. Informed consent

Fully voluntary and free consent from the people being studied is a central ethical concern for researchers. The nature of research in the employment relationship raising particular

ethical concerns, research in this area tending to be of a rather delicate nature (Kochan, 1998: 26), owing to its 'objective' position between typically adversarial participants. As such, the researcher has responsibilities that include the maintenance of sensitive diplomatic relations.

Care was taken to explain, as far as possible, the nature of the research to participants. This included the focus of the research, the manner of data collection, the scope of participation, and the provision of feedback. Gaining access also required the achievement of credibility in the eyes of significant gatekeepers: managers and union officials. Gaining credibility with both sides in an adversarial relationship involves the careful assertion of shared affiliations: to managers, the researcher's fellowship of the Chartered Institute of Personnel and Development was mentioned; whilst to union officials, his former employment as a union researcher was indicated. Whilst using these assets to acquire credibility can be argued as legitimate, there is also a clear requirement to avoid giving the indication of being on one side or another.

3.8.3. Harm and risk

The ethical responsibilities of researching adversarial situations are complex. The principle of avoiding harm to participants becomes contentious when the interests of those participants may be at odds with each other. There is also a requirement for the researcher to avoid harming the relationship between participants. The researcher's position may occasionally provide access to privileged information that may indicate a threat to one of the participants, or indeed to the relationship between them. A further consideration is the potential for harm to the research project and the interests of future researchers. These matters introduce the potential for moral dilemmas concerning how such sensitive information is handled: balancing duties of confidentiality with the avoidance of harm.

Miles and Huberman (1994) make the point that the chances of some harm being caused are better than even, and that the appropriate course of action for the researcher is simply to consider ways of reducing it. The basic principle of avoiding harm to individual participants is relatively easy to uphold through the use of anonymity. In this study, one organisation did not require anonymity, whilst the other did. In the event, anonymity has been provided to both for

the sake of uniformity. However, a moral dilemma arose concerning the question of avoiding harm to the relationship.

The FoodCo case organisation was relaxed regarding questions of confidentiality and the dissemination of findings. They did not request the masking of their identity and invited joint feedback of research findings to management and union participants. However, during a fieldwork interview with the finance director, he discussed his thoughts concerning the possibility of moving towards a non-union relationship at some point in the future. Despite the organisations proposal of ‘openness’ with regard to the research findings, it was clear that the communication of this would potentially trigger a series of responses, up to and including industrial action, with harmful consequences for the finance director and/or the organisation. Conversely, a failure to disclose this information could potentially result in harm to: the union, through loss of membership and income; and to the workforce, through a diminution of bargaining power. Disclosure would also be likely to preclude further data collection, and might also taint the organisation’s willingness to allow other researchers access in the future.

Considering all of these risks entailed substantial difficulty in choosing the correct choice of action. In the event it appeared that some harm was inevitable and so the ethical choice must be guided by the desire to minimise it. The finance director’s statement was included in the findings reported to participants, though this was presented at face value, without any undue prominence or discussion of potential consequences arising from it.

3.9. Summary

This study aims to analyse the intersection of employment relations and employee reward *systems*. To do so, it regards these systems from a realist perspective, though also acknowledges that the interpretation of these systems by parties is of major significance. The study takes on many of the mainstream employment relations discipline’s preference for multi-disciplinary approaches, holism, historicism and an appreciation of the role of organisational conflict. These influences are reflected in the adoption of a pluralist theoretical perspective.

The research aims and the adopted perspective have influenced the choice of a predominantly inductive multi-method, case study research strategy. The level of analysis is at the appropriate bargaining unit for reward setting, with two cases identified on the basis of similarity: both large, unionised, private sector manufacturing organisations.

The conceptual framework was mostly derived from the relevant literature, following a broad ideology-process-outcomes approach. Context was also identified as an important factor, with product markets, labour markets, and the nature of work technology being the principle areas of concern. Ideology is to be classified according to Walton and McKersie's (1965) relationship patterns; whilst their distributive bargaining, integrative bargaining, attitudinal structuring and intraorganisational bargaining framework predominates the analysis of process. Analysis of attitudinal structuring and intraorganisational bargaining will be further considered according to the delineation of communal-partisan and over-covert variants respectively. Reward outcomes will be considered utilising Gomez-Mejia and Balkin's (1992) model. This will also be applied to the study of parties' reward preferences.

The parties to the employment relationship are the main source of data: principal managers, union officials and employees. A variety of research instruments and analysis will be employed: surveys, in-depth interviews, and the analysis of documents.

Chapter 4. FoodCo

4.1. Context

FoodCo is a large, privately owned, enterprise operating in the frozen ready meals sector of the food manufacturing industry, established in 1980. All operations are based at the firm's Newcastle upon Tyne site, employing 400 employees, representing a substantial decline in employment numbers from a peak of roughly four times that number in the mid-1990s. Employment is concentrated in process operations, representing 300 of the total headcount; craft employees comprise about 30 employees, whilst the remainder are white-collar employees.

4.1.1. Labour markets

Women account for 59 per cent of the workforce (excluding white collar employees, for whom no figures are available), although the majority (55 per cent) of the female workforce is part-time, with most of these on permanent part-time contracts. By comparison, only 13 per cent of the male work force is part-time, and only one male employee is on a permanent part-time contract. All craft employees are men.

FoodCo was a pioneer for the food-manufacturing sector in the North East of England. Union recognition was established in its early days, at least partly due to the political influence of

the GMB within the region. Wage rates were established upon the basis of broad labour market comparisons: “XX [former GMB official] did it, and there was no food industry up here then. I'm sure it was done on the regional labour market and just adjustments since then” (GMB Convenor). This ability to resist pressures towards external labour market pay referencing (Grimshaw, 2000) and the fragmentation and casualisation of employment (Nolan and Walsh, 1995; Handel and Gittleman, 2004), however, has tended to result in some negative competitive pressures for the organisation compared to newer entrants:

Northern Foods, that was set up on the National Minimum Wage, whereas here you've got salaries and overheads so that it's expensive, and that's why it's hard to compete in that market. The guy who owns us now, we had a shortage of labour last year, and he wanted to go to Russia and Poland and ship...and I said 'we've got agreements here, and no matter who you ship in that agreement says £6.50 is the hourly rate...' so he backed off. Now were going out to the labour markets through Manpower, and everything that we get, they get, so that's how we got over that, but if the unions hadn't been there that's how they would have gone to the labour market (GMB Convenor).

Similarly negative consequences can be identified in terms of the demographic profile of the workforce. Although substantial reductions in headcount were relatively easy to achieve as a result of generous redundancy terms, there is a rather static picture of workforce composition, with minimal turnover: “We hardly get any, it's effectively natural wastage through death or retirement, simple as that, and not replacing unless it's a skill that we can't lose, but we haven't replaced anybody for months - we took a student on but that's all” (FoodCo Finance Director). This is perceived to have an impact upon workforce attitudes:

Our workforce here is fairly aged, all of us, and with age sometimes comes conservatism and some of the people in the staff as well are now looking more towards their pension rather than business success. They're more guarded and worried about their pension than continued employment, and that might be because of their age...I think we could do that if we had fresh...I was going to say fresh meat there (laughs) ... if we had new employees in the business with a bit more of a contemporary outlook on life who have not been through the 70s and 80s (Finance Director).

4.1.2. Product markets

The organisation operates in a highly competitive environment, redolent of that described by Brown (1986, 2008) and Brown *et al.* (1998). The UK food manufacturing industry is sensitive to the substantial power of the large supermarket groups to determine product market relationships. Indeed, contracts with major retailers are so central to FoodCo that the cancellation of one such agreement would likely represent the imminent failure of the business.

The frozen food sector has faced additional difficulties over recent years. The sector's products have come to be regarded as increasingly unfashionable and of lower quality than chilled ready meals. Coupled with these problems of consumer perception, manufacturers have met increased competition from supermarket own-brand chilled ready meals which have been aimed at the top end of the market, along with supermarket brand chilled 'value' ready meals which compete at a similar price point to the frozen meals products. As a result there has been a steady decline in sales across the sector of up to 15 per cent on some indices over the period 2000-2005 (Mintel, 2006), although the most significant fall-off has come at the end of that period, with a 10 per cent drop in value terms between 2004-5. Attempts to re-position frozen meals as a high quality product have met with limited success, with a number of such products withdrawn, with suggestions that there is limited appeal for such offerings (Mintel, 2006).

The market for frozen ready meals is currently difficult and transitional. Future prospects are mixed with some limited potential for growth, largely associated with the growth of a demographic group who are currently the most prolific purchasers of these products. However it appears to be more likely that the sector faces heightened competition over the long term from existing chilled products, and also potential new competition from ambient products, with the prospect of a steady decline to the servicing of a niche market (Mintel, 2006).

Both Unilever and Heinz have recently placed their frozen food businesses for sale, reflecting a generally gloomy prognosis for future growth potential in this area. Indeed FoodCo reflect this assessment of their traditional markets: "I don't think you'll fully turn it round, because there is a wish for people to eat fresh" (FoodCo Finance Director). The company is developing a

‘high-quality’ market offering with celebrity chef endorsement, although there is some ambivalence about its suspected impact upon the marketplace. Hopes appear to rest more firmly upon the identification and exploitation of new revenue streams that maximise the plant capacity, tending to be characterised by high volume low value-added activities.

FoodCo has not been profitable for some time and their financial position appears tenuous. Upon the transfer to its current ownership, they were provided with a sum of £6 million as part of the package, although that endowment is steadily diminishing as the Finance Director explains: “we probably use about a quarter of a million pounds every month ... net out. Now that can only continue on for another five or six months and then we've got nowhere to go, we either re-finance or we pack up and go”. The raising of further capital is not considered to be an attractive option, if this were necessary it could include the liquidation of part of the company’s assets, particularly in respect of the land surrounding the factory. The intense level of competition indicated here might suggest pressure for the focus of the employment relationship to take a unitarist turn (Bassett, 1986).

The market environment is encouraging the organisation to pursue a largely cost-driven strategy:

the turnaround will happen with us controlling this level [referring to profit and loss summary], getting more productivity and less waste out of this level, so...[the union]... members if you like, we make them more productive or have less of them, less waste and more volume coming through. I've got to do something about general expense down here. (Finance Director)

4.1.3. Response to product market conditions

FoodCo’s responses to product market conditions are focussed around two central objectives: the development of new revenue streams, through the development of high volume, low margin contracts; and the control of costs. There is an apparent consensus between union and management about this direction:

the way forward is to try and get the volumes in to do that, they've proved in the past if they can get the volumes then they can do it (GMB Convenor).

our procurement's good, so we're starting to get some of these fish areas, the bulk of which will not come through the manufacturing units here, they'll be packed elsewhere, and we're making some healthy margins on those. This week we've signed three contracts with Tesco on their own label salmon, we've already got our brand salmon in there. Yellow fin sole and haddock loins in a Tesco brand, now that's big, big volumes for us. Little percentage volumes...we're buying the natural fillets and then all we're doing is vac-packing it in China (Finance Director).

Keeping costs down, that's the goal because we're living from hand to mouth. But we do need to educate the workforce to come from this multinational culture to a small business because that's what we really are (GMB Convenor).

our fixed infrastructure costs here are enormous, and it drains the money out of the business (Finance Director).

Cost control has predominantly focussed on waste minimisation, being the object of an abortive gain sharing initiative and a more popular team award scheme, although there are broader intentions for the rationalisation of production facilities and productivity improvements. These responses appear to be broadly in line with the Heery's (1993), Knell's (1999) and Grimshaw's (2000) observations of the tendency for competitive pressures to find expression within the employment relationship.

In terms of the organisation's existing products the strategies have been oriented around a return to traditional strengths in fish, pasta, pizza and ready meals, along with some product developments towards a high quality range.

4.1.4 Work technology

The production process has undergone substantial change as a consequence of the reduction in the size of the organisation. There is a perception on the part of the union that the workforce provides a large degree of functional flexibility: "everybody works in an area, but everybody is flexible - more flexible than they've ever been" (GMB Convenor). This flexibility is delivered through work teams that are organised in response to production requirements:

The existence of flexibly organised work teams might have raised prospects for innovations in respect of the employment relationship and the reward system. The nature of

production technology employed, however, tends to result in relatively repetitive, low-skill activities for much of the hourly paid workforce. High skill technologies are significant in terms of the incidence of such innovations (Kochan & Osterman, 1994; Bélanger & Edwards, 2007), and their absence here might be a reason for the frustration of changes not only to the employment relationship and reward systems, but also to the production process itself. The Finance Director believes that there is potential for greater efficiency within the plant, but hasn't managed to leverage it to date.

Whether these potential productivity gains are realisable as a result of a straightforward technical appraisal of work systems, as management believe, or are rather more intractable because of the limitations in the extent of possible innovations, remains to be seen. It is certainly the case that employee involvement has been of a quite limited nature to date, it is not clear whether this is by design, or a reflection of the limitations imposed by the production technologies and manufacturing strategies.

4.1.5. Ownership

Since 2005 FoodCo has operated as an independent organisation, separate from the multinational parent operation based in Scandinavia. The parent company was, itself, part of a larger conglomerate from 1962 until 2000. However, even within the larger conglomerate, the performance of FoodCo was problematic:

frozen food's never been a big earner for them (the conglomerate) but it was in that portfolio, when we did the transfer of undertakings...I got that feeling very, very strongly that his part in the shedding, he was to get rid of the frozen food section at any cost, and he gave it away at a knock-down price, because frozen food's never been an earner (GMB convenor).

Following the transfer of ownership from the conglomerate, the group aimed to develop a common platform of products across the various European markets where it operated, although this met with some difficulties owing to divergent tastes between these markets. Increasing difficulties in the UK market led to the selling off of this part of the group to a group senior manager in 2005. This led to some internal re-organisation with a number of commercial

functions transferring from the south east of England to the Newcastle site, which now houses all operations: production, marketing, finance, HR, sales, and supply chain.

4.1.6. Parties to the employment relationship

The underlying labour and product market conditions here would ordinarily suggest a relatively weak employee position relative to management. However, the financial weakness of the organisation attenuates this position somewhat, as it is not in a position to replace its workforce and honour its redundancy commitments. As such, the company is required to seek cooperation with its workforce in pursuing an efficiency strategy as its only viable option. This tends to increase the power of the workforce here, as does the strength of union organisation.

There has been a union presence at the Newcastle upon Tyne site since its establishment in the early 1980s. The GMB convenor describes union membership in the following terms: “99% on hourly paid. Craft side - that's Amicus, is 100%. Got a good working relationship with the Amicus steward ... All managers bar one I've recruited into the union.”

The GMB has additional membership amongst the white collar employees, although it is not recognised for collective bargaining in this area and, although there does not appear to be any great push to enhance union organisation in this direction, there is a statement of intent that these staff are relevant to the union: “Management have started to accept that they're in the union so it's not a secret. And if they've got a problem and they need a friend to go in with them, they'll use me. That's what happens now” (GMB Convenor).

The GMB Convenor is a substantial presence within the organisation, not simply as a representative of a well-organised union, but also in respect of various personal characteristics:

(He) is the best convenor the GMB has got – fact. (GMB Full-time official)

(He) is quite a proactive guy and forward looking ... I trust him, he's an honest guy ...

(He) is not the normal kind of guy you meet here, he's easy to talk to, likes a joke, and he is open to new ideas (Finance Director)

The unions have enjoyed recognition during this entire period, and are provided with organising facilities, including full-time release for the GMB convenor. The enduring strength of union

membership and organisation might be associated with the FoodCo's size (McLoughlin and Gourlay, 1992) or its age (McLoughlin and Gourlay, 1992; Charlwood and Terry, 2007).

On the management side, the transfers of ownership, whilst ostensibly locating authority closer to the Newcastle plant, conversely confirming Martin *et al.*'s (2003) point, did result in some frustrations:

we had many a pay talks [with local management] where I said to them, 'I'm frustrated dealing with you guys, I need somebody who I can negotiate with, because you're just saying 'This is all the money we've got, they won't give us any more', I need somebody from the parent group...to come and explain to me why there's no more money (GMB Full-time official)

The ongoing cost challenges faced by the organisation resulted in a sharp concentration of responsibilities in the office of the Finance Director. The recent removal of two senior management roles, the Works Manager and the HR Director, has resulted in some tension between the union and the employer both on a personal basis and in respect of the wider employment relationship. This tension stemmed from a pattern of personal friendships and enmities across the union-management divide and the perceived tactics involved in their removal, which included disciplinary action against the GMB Convenor leaving behind some residual bitterness.

Despite this concentration of power in the hands of the Finance Director, power ultimately rests with the new owner. Whilst Claydon (1998) and Heery (1997a) suggest that changes in ownership are likely to provoke a reassessment of the industrial relations culture, that does not appear to have been the case here, although there appears to be some strain concerning who is setting the terms of the relationship on a day-to-day basis:

I think there was a little bit of resentment that [the owner] didn't always include [the FD] in the meetings, not through me. [He] would say ... 'are you on site, could you come and have a cup of coffee and I'll tell you what the latest state of play is' - me and [the convenor]. Then [the FD] would probably say 'Where have you been?', 'Oh, we've just had a bit crack with ...', 'Oh, what's that about?' - So there was a little bit of resentment there (GMB Full-time official).

The amalgamation of management roles has also influenced the daily functioning of the relationship through the change of 'point-person'. There is no qualified HR professional within the management team, the HR function now consisting of one clerical employee and one inexperienced HR Officer. The GMB Convenor suggests the implications of this:

From one point of view it makes my job dead easy because my amount of knowledge against [her's] ... and I don't abuse that, and she understands that ... but I tell her that if she's going to do anything to come and ask and I can make it clear where I'm coming from. She's very nervous at first, but I don't abuse that.

And, concerning its broader impact on the management function: "It's lost; they need to have somebody at that level. Because the managers who need directing, they haven't got that resource to go to - and it's missed."

4.2. Ideology

4.2.1. Union ideology

Union-side values are characterised by the culture of pragmatism and moderation of the GMB, the convenor suggests that he has "always been one for agreement and compromise where possible", and this recognition of the legitimacy of management interests appear to be finely attuned in the light of the newly independent status of the firm (Martin *et al.*, 2003). Indeed, for all of the parties, the independence of FoodCo is seen to have great potential for moving the relationship in a positive direction. There was frustration at the impact of issues beyond the scope of the Newcastle plant:

what we've always done is to work together rather than against each other. But what you'll find is that there are occasions when there are people above them that are pulling the strings, so we'll have these occasions when we have, not conflicts, but we'll beg to differ (GMB Convenor).

The relationship between the GMB convenor and management appears close and trusting on the surface, perhaps capable of being characterised as Dietz' (2004) relational-based trust. However, this is tempered in two ways: firstly, because of the fall-out from the exit of the Works Manager and the HR Director. This has apparently diminished the union's trust in management,

presumably, using Dietz' (2004) typology, on grounds of benevolence and predictability. Secondly, by an acknowledgement that the role of the union must also carry the capacity to resist; there is recognition that conflict can also be a feature of the employment relationship. However, explicit commitment to the company and a broad acceptance of the company's competitive strategies is evident:

To be honest it's about educating this workforce, who have stood by this ship for the past twenty-five years...we do need to educate the workforce to come from this multinational culture to a small business because that's what we really are (GMB Convenor).

I don't think anyone can doubt that [the convenor] has got FoodCo at heart everything he does, his logic, his attitude, his reasoning; it's for the members down there. But he never loses sight of the fact that FoodCo are the employers and at the end of the day, everything has got to be done in a pragmatic manner, so that FoodCo are safeguarded as well (GMB Full-time Official).

I'd be absolutely horrified if anybody said that I didn't have one hundred per cent commitment to that business. I did used to try to listen, I tried to do the best that I could for the members every time, but I did used to try and listen to what was being said. I didn't agree with it all the time, far from it I didn't hold back. I would like to have thought that that they thought that [I was] at least honest, and he does mean well for the company but he doesn't want to see his members get ripped off (GMB Full-time Official).

A more deep-seated oppositional stance is evident amongst a limited section of the union organisation and the wider membership, similar to Dietz' (2004) observation of the failure of trust to spread beyond an elite of bargainers under partnership. It is acknowledged that individual stewards have operated an independent strategy during previous wage negotiations, suggesting that more advantageous deals may have been available, and further that some members will vote down agreements 'on principle'. This may reflect Guest *et al.*'s (2008) association of distrust with representation. Indeed, the 2005 agreement required the intervention of ACAS to reassure the membership that the offer represented the best available negotiated settlement following an initial rejection. That initial pay offer included a gainsharing scheme based upon a 50-50 share of all improvements in waste reduction. Whilst this met with strong support from the union the response of the workforce was unequivocally negative:

they knocked the pay deal back because of the incentive scheme, and I went 'But the pay deal is above inflation', and they said 'I know but we don't want the incentive scheme', and I went 'Why don't you want it?', 'Well because it's a way they're going to make money', 'Yeah, but they're going to share it 50/50', 'Nah, we don't want an incentive scheme - we've had them before' (GMB Full-time Official).

This points out the limitations of Kim and Voos' (1997) discussion of the potential for unions to positively alter the nature of their engagement with management by means of a cooperative ideology. It also raises questions about Heneman *et al.*'s (1997) indication of the importance of trust for unions' acceptance of alternative rewards. Whatever potential might be apparent with regard to these issues appears prone to being undercut by principal-agent, or intraorganisational tensions (McBride and Stirling, 2002).

The attitude of the unions towards management characterised by Walton and McKersie's (1965) relationship patterns, is set out in Table 8. Respondents were asked to distinguish between the attitudes that were currently held, and those that would be desirable the future.

The union convenor's attitudes towards management are characterised by substantial trust and the desire for cooperation. The union is strongly motivated towards cooperation. Trust in management is extensive, although friendliness (Bacon and Blyton, 2007) is tempered, perhaps, by recent events. Similar attitudes appear to be expressed by the GMB Full-time Official, although trust is less forthcoming here.

There also appears to be some divergence in the nature of the relationship between the FTO and the Finance Director, on the one hand, and the FTO and the owner, on the other. The owner is described as "a nice bloke ... He's a smashing bloke I've got lots of time for the bloke", whilst the description of relations with the Finance Director are distinctly less enthusiastic: "we've been in a couple of times with [the Finance Director] and had to remind him of what legislation is, and it's not because [the HR Officer is] not up to the job, she's only just been given the job of HR. I wouldn't say he's particularly anti-union but I don't know..."

The union's beliefs about management's attitudes towards them mirror the same sentiments (Table 8). The union displays considerable confidence in their legitimacy in the eyes of management and the extent of trust between them.

In neither the convenor's nor the FTO's responses to the survey was any expression given to a desired future state of the relationship, although the approach of the FTO is made clear: "I built a good relationship with [the owner], the type of relationship I wanted was for him to tell me the truth at all times and me to tell him the truth at all times, so that we knew where each other was coming from." This aspect also highlights the importance of Dietz' (2004) concept of integrity in trust.

Table 8. FoodCo bargainers' professed and perceived relationship patterns

Respondents were asked to express their agreement with a range of statements concerning their relationship with other parties to the employment relationship. Responses are presented as points upon Walton and McKersie's (1965) relationship pattern indices.					
Attitudinal dimensions	Conflict	Containment-aggression	Accommodation	Cooperation	Collusion
Motivational orientation and action tendencies towards the other	Competitive tendencies to destroy or weaken		Individualistic policy of hands off	Co-operative tendencies to assist or preserve	
Beliefs about legitimacy of other	Denial of legitimacy	Grudging acknowledgement	Acceptance of status quo	Complete legitimacy	Not applicable
Level of trust in conducting affairs	Extreme distrust	Distrust	Limited trust	Extended trust	Trust based on mutual blackmail potential
Degree of friendliness	Hate	Antagonism	Neutralism-courteousness	Friendliness	Intimacy - 'Sweetheart relationship'
Expressed attitudes towards other side					
(C) Convenor (F) FTO (M) Manager Perceptions of other side's attitudes towards them (C) Convenor (F) FTO (M) Manager					
Net mean attitudes					
(C) 0.5 (F) 0.5 (M) -0.75					

Source: bargainers' questionnaire, questions RP1 - RP8

4.2.2. Management ideology

The Finance Director is central to the employment relationship. Accountable to the owner, who is based overseas, he has broad responsibility for operational and strategic decisions, his role incorporating the HR function, with support from an HR Officer. The possibility of union de-recognition has apparently never arisen even during the various changes of ownership, a

situation which is explained by the various owners' frame of reference (Budd and Bhawe, 2008), which has incorporated a commitment to the role of unions as social partners. The union agreement (2005) encourages union membership, with clear demarcations of the relevant membership markets between Amicus (craft employees) and GMB (all other hourly paid). However, there is a strong unitarist theme running through the comments of the Finance Director, which raises the prospect of significant changes to the employment relationship at some point.

I'm not anti-union by any means, but I sometimes think that they hold back the membership because of this collective aspiration. This is a very traditional union here... would I trust them fully? No. I think that sometimes their objectives are different to the business or mine ... the unions sometimes work against us ... I find their objectives there are different, and I find that the FTO's role is divisive. I've discussed with the owner whether we should de-unionise the site, I've got a strategy to de-unionise the site, I'm not saying don't have a labour organisation here at all - have them organised, but try to get away from the GMB official dropping on to site at the drop of a hat (Finance Director).

Whilst this unitarism is, in itself, a break from previous management approaches, it is also instructive to note the transition from unitarism as 'frame of reference' to unitarism as 'ideology' (Budd and Bhawe, 2008) through its operationalisation as a driver and justification of ER strategy.

Management's concerns for the employment relationship appear to centre upon effecting a change in the organisational culture from the somewhat paternalistic practices that developed under the ownership of a relatively well-endowed conglomerate to a more entrepreneurial orientation that is seen to match the straightened circumstances the organisation currently faces. These changes in the employment relationship at the ideological level might be interpreted through Brown *et al.*'s (2001), considerations of the effects of size, but also Martin *et al.*'s (2003) consideration of the role of multinational forms, though here operating in reverse.

The prospects for a swift change in culture are limited by the longstanding traditions of the organisation, reinforced by a long serving workforce with low levels of employee turnover, similar to McLoughlin and Gourlay's (1992) consideration of organisational age, and also by the relatively advantageous employment conditions here in comparison with local competitors. The Finance Director acknowledges the difficulties of changing culture, insisting that one must just

“keep plugging away”. Part of this strategy appears to be a concerted attempt to face employees with the changed reality of the organisation’s circumstances as an independent organisation, which seems to form a significant aspect of the employee communications strategy. However, swift changes to the employment relationship might be seen as a potential short cut to cultural change and is suggestive of Ackers et al.’s (2005) tentative model, by-passing the adversarial union to establish a non-union partnership:

I think that one of the ways of getting this cultural change in the organisation is by decreasing the power of the union, if not de-unionise. I would have a go at this, but the owner ... doesn't want to touch it at this time. By inviting people out of the unions and having a different relationship with the employees you'd be able to get them in to certain parts of the business (Finance Director).

Management values expressed as Walton and McKersie’s (1965) relationship patterns are set out in Table 8.

These would seem to represent a set of attitudes that would be consistent with an accommodation/containment-aggression pattern. It is clearly less positive than the attitude pattern that the union believes management hold towards them. Considering Dunlop’s (1993) assertion about the importance of shared ideology for stability in employment relationships, this divergence must raise some concerns. It is interesting to note that, whilst there appears to be some constancy between current and future orientations, where a change in the future orientation towards the union is indicated it represents a strong movement towards denying the legitimacy of the union, reinforcing the increasingly unitarist stance coming through the interview data. Management’s beliefs about union attitudes towards them are also presented in Table 8.

Management believe that the union’s attitude towards them is considerably less positive than the union asserts it to be. The union appears to hold a broadly ‘cooperative’ set of attitudes towards management, whilst management believe that the relationship pattern is of the containment-aggression type. This degree of misapprehension between the actors about the state of their relationship is striking.

4.2.3. Employee values

It is apparent that the modal attitudes of employees towards both management and the union are quite similar (Table 9). The common elements of the attitudinal dimensions are accommodation and containment-aggression, which might be reasonably considered to define the patterns. There is only one notable distinction, the motivational orientation towards union and management, in which attitudes towards the union are more positive - employees are more inclined to act in assistance of the union than they are of management. The attitudes of employees towards the bargaining parties are most similar to the attitudes held by management towards the union, there is a degree of wariness, and the attitudes certainly fall a way short of wholehearted endorsement for either party. These findings appear to mirror a number of studies (Suff and Williams, 2004; Martinez-Lucio, 2004; Guest *et al.*, 2008) that indicate the failure of trust in employment relationships to spread beyond bargaining elites at best.

Table 9. FoodCo modal employee attitudes towards union and management

Attitudinal dimensions	Pattern of relationship				
	Conflict	Containment-aggression	Accommodation	Cooperation	Collusion
Motivational orientation and action tendencies towards the other	Competitive tendencies to destroy or weaken		Individualistic policy of hands off	Co-operative tendencies to assist or preserve	
Beliefs about legitimacy of other	Denial of legitimacy	Grudging acknowledgement	Acceptance of status quo	Compete legitimacy	Not applicable
Level of trust in conducting affairs	Extreme distrust	Distrust	Limited trust	Extended trust	Trust based on mutual blackmail potential
Degree of friendliness	Hate	Antagonism	Neutrality-courteousness	Friendliness	Intimacy - 'Sweetheart relationship'
Expressed attitudes towards... (U) Union (M) Management					

Source: employees' questionnaire, questions RP1 - RP8

The data from the employee survey allows for analysis based upon cross-tabulations that was not possible in the data provided by the individual managers and union officials. This allows for crosstab analysis, including interactions within the responses to highlight demographic variations, and also to indicate the coherence of the variables underlying the relationship pattern. There is no similar extant literature to this approach.

The associations between the relationship pattern variables are illustrated in appendix five. There appears to be strong internal consistency between the variables that constitute the respective relationship patterns. Each of the management relationship pattern variables is significantly and positively associated. A similar set of associations can be identified amongst the union relationship pattern variables, with the sole exception being the absence of a significant relationship between 'union motivation' and 'union legitimacy'. There is limited significant interaction between the two relationship patterns. Only two such interactions are evident: positive relationships between 'union friendly' and 'management friendly' and between 'union legitimacy' and 'management legitimacy'. There are similar, though weaker associations between 'union motivation' and 'management motivation', and between 'union trust' and 'management trust'.

Turning to demographic associations with the relationship patterns (appendix six), a number of interesting issues become apparent. Seven demographic categories were identifiable in the data: gender, age, union membership, union stewardship, pay grade, employment status, and length of employment. Of these categories, age appears to have no significant associations with the relationship patterns and union stewardship is associated with only management motivation (inverse relationship). More significant sets of associations can be seen in respect of other demographic variables, however. Gender, for example, appears to be highly significant to the employee-union relationship pattern. Male employees hold more positive attitudes towards the union than do female employees; evident across three attitudinal dimensions: union role, union trust and union friendly. Female employees hold slightly more positive attitudes towards management than do male employees, evident in relation to the management friendly dimension.

Union membership is significant for the employee-management relationship pattern, as it is associated with more negative attitudes towards management, evident across management motivation, management trust and management friendly.

Pay grade has a more complex set of associations with the relationship patterns. Grades 1, 5 and Supervisor have higher trust in the union, whilst grades 2, 3, 4 and Staff have lower or

limited trust in them. Grades 1, 1a, 2, Supervisors and Staff have higher trust and friendliness in management, whilst grades 3, 4 and 5 have lower trust and friendliness in them. These findings may be at least partly related to the apparent effect of employment status and length of employment. Permanent staff trust both union and management less than do temporary staff, and management trust and friendliness diminishes amongst staff with more than five year's service.

Considered another way certain attitudinal dimensions appear to be particularly sensitive to the influence of demographic variables: union trust, management trust and management friendly.

Taken together, the relationship patterns are not uniformly held throughout the workforce, and demographic factors are significant in various ways. Gender is clearly an issue for the union, whilst union membership is clearly an issue for management. The attitudes of union *members* is quite revealing when compared to the much more positive attitudes which the union *organisation* holds toward management, exposing some intraorganisational pressures. To this extent, the negative feelings towards management held by union members is not simply a matter for management to resolve, but also may be problematic for the union in respect of its broader aims and objectives for its role within the employment relationship.

There also appears to be something akin to 'familiarity breeding contempt' within the relationship patterns. This is not a simple or straightforward issue where length of employment can be read off against decreasing trust and friendliness for both union and management - the issue is clearly more apparent regarding the employee-management relationship pattern. However, there are indications of similar, though weaker, associations in respect of the employee-union relationship pattern. Employment status also reflects length of employment in this organisation, with most recent appointments being temporary and permanent staff being relatively long-standing. Permanent staff also have some issues with union trust. We might also draw some links to pay grade, although here the pattern is more complex, and it may be that issues of status mediate the issues of longevity.

The sense expressed by both management and union that the workforce is not really on-board appear to be well founded, although they are not on-board with *either* the management *or* the union to any significant extent. It is also apparent that there are substantial divisions within the workforce that significantly affect the relationship patterns. It is difficult to surmise the reasons why the workforce holds such attitudes in the absence of appropriate qualitative data. However, one hypothesis that is consistent with extant data would be to suggest a relationship between these attitudes and the turbulence of employees' experience over recent years, and the perceived role of management and union within that. The decline in the competitive status of the organisation is likely to have negatively affected the employee-management relationship pattern if that decline is perceived to be not entirely a consequence of market dynamics but also, at least partially, the result of management decisions. Similarly, the role of the union in supporting management may have been interpreted as connivance rather than a necessary defensive action in difficult circumstances. If correct, this underlines the problems of pursuing cooperative employment relations activities in the context of this type of competitive dynamics.

The extent to which these ideological aspects find expression in the relationship will be considered further in respect of the relationship processes.

4.3. Process

4.3.1. Regulation

The union places substantial emphasis on distributive bargaining (Walton and McKersie, 1965): "she knew where I was coming from and I knew where she was coming from and we'd look for a middle route - and these would usually happen around the negotiating table" (GMB Convenor). Whilst *some* upward communication is evident:

I wouldn't say that we've got much. We can ask questions and put proposals forward, and sometimes they listen to them, more so now than they've ever done. So you've got that sort of input there, so you've got more of an idea of what you would like to see. Previously under [the parent company] they never took it into consideration, probably under [the venture capitalists] was when they started to listen more and take into consideration about how the business was run (GMB Convenor).

However, evidence of union or, indeed, employee involvement in the process of change or wider strategic decision-making (Martínez Lucio & Stuart, 2002) is limited. Considerable emphasis is made of formal employee communications mechanisms, which, in the main, consist of, downward approaches (Marchington *et al.*, 1992; Townley, 1994) in the form of monthly employee reports focussing on the competitive position of the organisation: “We have regular meetings, one-to-one, JCCs. What we do now is to do the profit and loss, to give them an idea of where we are on a monthly basis” (GMB Convenor). The purpose of these mechanisms appears to be part of the long-term attempt to change the culture of the organisation, reinforcing the central competitive messages about the importance of cost control, and the role of employees in respect of this. Representative involvement processes are centred upon the Joint Consultative Committee (JCC). The role of the JCC is traditional although it also provides a mechanism for employee feedback in relation to the employee reports. The unions exclusively provide employee voice mechanisms.

There is no evidence of integrative bargaining mechanisms for problem solving, or for the capture of employee innovations (Kochan & Osterman, 1994; Martínez Lucio & Stuart, 2004), which are conceded to be “something that we haven’t managed yet” (Finance Director). However, there is evidence (“educating shop stewards to understand the business a bit more” (GMB Convenor)) for union cooperation (Kochan & Osterman, 1994) in legitimising management’s broad strategic direction in relation to cost control and the endeavours for a substantive change in culture, although this is tempered by the nature of annual negotiations as a straight distributive bargain.

The collective bargaining process appears to retain its position as the focal point of the employment relations’ calendar, although the Finance Director stressed the importance of recognising that the nature of the employment relationship should not be characterised by this annual contest, and that it was important to see it in the context of a wider set of processes and interactions. However, the importance of the annual pay negotiation does appear to be predominant, highlighting the predominance, not just of the distributive bargaining form in this

relationship, but also its focus upon economic issues (Walton and McKersie, 1965). When pressed to prioritise the day-to-day problem-solving aspects or the pay bargaining aspects of the relationship, the GMB Convenor was clear that the priority lay with “the pay rise. Because you can see what problems that can lead to if there's no money in the pot, they all expect at least a cost of living increase”. Indeed, when talking to both parties together about the collective bargaining process itself, it appeared to be regarded as something of a well-worn, familiar and largely positive ritual. To this extent one could tend to characterise approaches towards it in nurturing terms as opposed to a containment strategy (Oxenbridge & Brown, 2005). A somewhat different perspective emerges from the Finance Director in the absence of the convenor, particularly regarding the negotiated outcomes over the long term:

since we've been in this business from 1981, we've given a pay rise every year, so twenty-five years, and out of them how many times have we made a profit? Maybe three years. They've always had a pay rise every year, always around RPI or above, sometimes bigger depending on what we've had to do. Last year we gave them 2.8% when RPI's at 2.6%, no matter how bad the business is there's an expectation of a pay rise ... We did try once to get a no pay rise through at the end of 2003, and almost managed to get it in, but then a pensions issue came up and wrecked everything, we fell out and had to go to ACAS again. Now in negotiations, the first thing I do, and have done for many years, is go through the business finances, I take them through business plans coming up ... And I get 'yeah, yeah, yeah', right. Exchange of claims: 'substantial pay rise, extra week's holiday, this, that and the other'. And you're sat there and you think 'it's deaf ears, stony ground' whatever you want to say.

Negotiations are regarded as being essentially:

... divisive because before you start you've got problems. In [the Convenor's] pay claims ... there's always a tail to it: a substantial pay rise, something else, something else, and then there's a tail that he gets forced to put on there, because when he has a meeting about the negotiations there's only a handful that go a long and all the jumpy jacks are all in there and they all want their issue on, and by the time he's done that and then you bring in the craft union claim and you've got a list of say 23 points. You have to sit and knock that one off, and knock that one off and quid pro quo with another one...until we get to two or three that we start talking about. Now I would assume that if we had an in-house union that lived within the means of the business, then they would be aware that

we could not afford a substantial pay rise, that the business has generated so much profit, some of which might already have been shared with them, and next year our plans are this, so we can maybe afford a 2, 3 whatever per cent it is. So they'd be a bit more informed if you like.

This appears to have reinforced the Finance Director's views regarding the limited potential role of the union as a partner. The focus of union-management interaction around inherently conflictual issues expressed through inherently conflictual means (Walton and McKersie, 1965) may explain why the union is regarded as a 'third party' which does not have the interests of the business at heart. The target of these sentiments is, however, occasionally confused; sometimes it's the union, sometimes the workforce, sometimes a section of the workforce. However, the result of these sentiments is clear, a preference for a non-union channel of employee participation (Ackers *et al.*, 2005; Oxenbridge & Brown, 2005). Although it is far from clear whether the determination exists for the kind of by-passing strategy (Ackers *et al.*, 2005) that would be required to supplant the current strong union arrangement.

The union itself is also occasionally exasperated by the contribution of the workforce to the commercial difficulties of the company, and appears willing to embrace solutions:

[The owner] told me we're running a 60 per cent loss on some of the lines, it's just rubbish. What do you mean, rubbish? 60 per cent of the line is being binned... 'Waste?' he said 'Yeah, what I want to do is get an incentive scheme', and I said 'What, whatever we save we get half?' and he said 'Yeah, something like that', and I said 'I'm on board with that mate; this isn't instead of a pay rise ... is it?', and he went 'No, no, no, this is in addition to the pay rise - I'll half whatever we save'. And I went 'Hey, great!' (Full-time Official).

The subsequent frustration of this deal by the workforce has already been discussed, though the difficulty of bargaining cooperatively through the distributive form and in the absence of employee attitudinal change (Walton and McKersie, 1965) is clear. By comparison, evidence of union cooperation is demonstrated through the early, negotiated, adoption of annualised hours in advance of many of the organisation's competitors.

The union also believes that it has demonstrated its commitment to the commercial success of the organisation through a range of interventions on its behalf in the political arena:

immediately there was an issue I got [the Secretary of State for Trade and Industry] in, GMB got [him] in. Immediately there was an issue we got the Mayor of North Tyneside in. Immediately there was an issue we got One North East in. WE did, we got those. I worked quite closely with [the Works Manager] because through One North East there was potential money available for them to expand; this was before [the Owner] took over. And I would like to think...what's the 'third party'? The GMB offered, we've offered huge support. [The GMB Regional Secretary] was on site, we got the MP, we built up the dialogue with One North East, and we built up the dialogue with [the Mayor] who was in and out of there trying to do what he could with North Tyneside council. Because next to [FoodCo] there was a big sign saying 'locate here and you can have rates free for so long', and we got [the Mayor] on board and he tried, bless him he tried every which way to get the rates free for [FoodCo], and he couldn't; he was asking questions...So that's one advantage, now they could have done that, but I think the clout of the GMB behind it made it more palatable for the MP to say 'I'll come in'.

4.3.2. Attitudinal Structuring

The nature of the relationship here is mature, having developed between settled personalities and a stable orientation between both sides over a considerable period of time. The 'rules of engagement' (Stuart & Martínez Lucio, 2005) are established in mutual references to the union agreement ("the bible"), which provide the basis for the resolution of conflict (Cooke, 1990), this appears to be underpinned by a more substantial sense of the mutual legitimacy of the parties, although this is more apparent in respect of the union's attitudes towards management than vice versa, and tends to reflect the personal relationship between the Finance Director and the GMB Convenor. There is a greater level of antipathy to the GMB union *organisation*, as opposed to the FoodCo union membership or the local GMB branch. The GMB organisation is characterised as a 'third party' (Finance Director), which does not have the interest of the business at heart. This attitude would help to explain the attitudes expressed in Table 8, above, concerning the declining legitimacy of the union into the future.

There is a considerable degree of apparent trust and openness between Union Convenor and Finance Director, with the acknowledgement that confidential matters were shared between them on the understanding that these matters did not go any further. This raises the question of whether this might be seen in the context of Geary and Roche's (2003) idea of a 'partnership elite', or indeed of Dietz' (2004) observation of trust between a bargaining elite. Although the Finance Director's description of the function of the relationship is more suggestive of a pragmatic, mutual fire fighting mechanism:

The relationship ... is to get communication out there quickly ... we're going to talk about this productivity thing and get his feedback and say we want to put a brief out, what do you think about it, I bounce briefs off him, that kind of thing. So I ... get a lot of insight into how the reaction may be, early, and then I can head certain things off at the pass, if someone's going to do something crazy on the management side. [We] have a kind of unwritten agreement that anything that's potentially an IR issue I flag up to him early before its official, if it's at all possible, to give him a chance to change it before we do something.

Indeed, there appears to a clear understanding of matters that could be shared with the union stewards, and those which could not. This appears to be reciprocated in some way with information being passed from union to management on a similarly confidential basis. Martinez-Lucio and Stuart's (2004) discussion of the development of trust, along with Oxenbridge and Brown's (2005) consideration of the sharing of information and informality and openness are relevant here. The Convenor is clear about his perception of his own status in the organisation: "from a personal point of view I can go and ask and do mostly what I want, they've got a lot of respect for [me]".

Whilst considerable openness exists at the level of these two key actors, there is a question about how deeply this extends on either side. The unwillingness, or perhaps inability, to engage in integrative bargaining activities (Walton and McKersie, 1965) may indicate that a line is being held here which may not be represented beyond the leadership level; certainly there is some disquiet over the prospect of what happens when the GMB Convenor has to be replaced:

I think we'd be in trouble, I mean I don't think things would fall over because someone else would take his place. But I think that there would be reluctance for anyone to take his place, he's been in that role for the best part of twenty years, challenged once in all of those years by someone - a bolshy type of guy - but since then he's never been challenged or up for election. Now that tells me that no one's going to take on that role. The shop stewards they're not at the level [the Convenor is] at, he might seem a bit rough and ready, but he's a bright lad. One of the things that worries me is that ... he has thought about taking early retirement, and if he did that we'd have to find somebody else that we could deal with; because the rest of the shop stewards are difficult to deal with subjectively. It's difficult for them to be objective, single-issue people and a lot of the time they're interested in how an issue affects themselves or one of their mates ... if [the Convenor] goes...would I want the next level of shop stewards sitting across the table? Absolutely not. Would I like the Amicus guy, who's quite a bright guy? No, not at all because he's from the shipyards with that type of culture where it's us and them 'the lads don't like this...' you know the kind of thing that they say, very traditional (Finance Director).

The divergence between union *organisation* and union *member* attitudes towards management highlighted previously is congruent with this analysis and similar to Guest *et al.*'s (2008) findings.

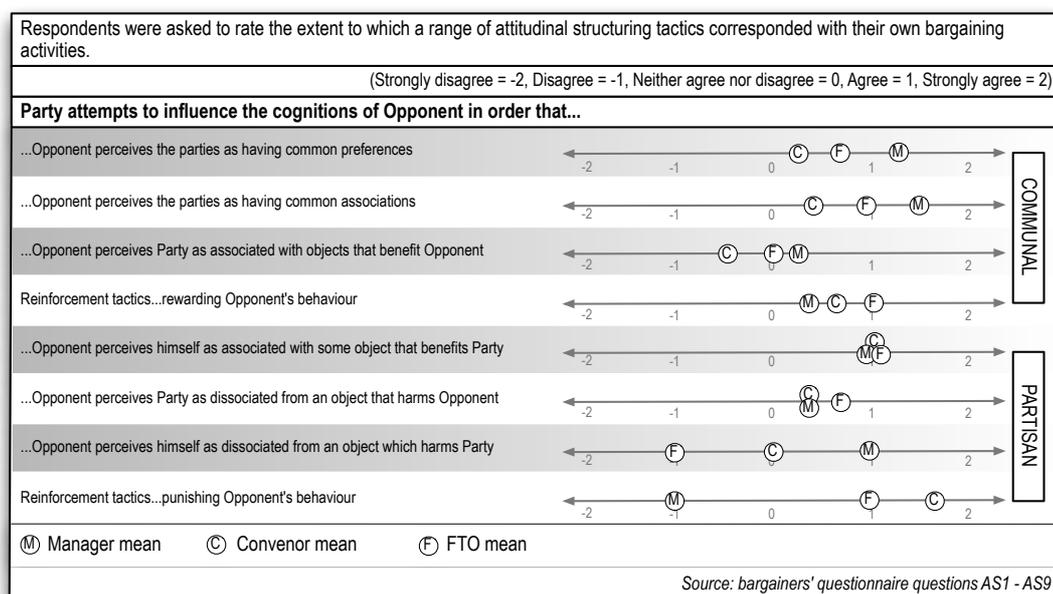
Attitudinal structuring behaviours (Walton and McKersie, 1965) were investigated through survey data, illustrated here in Table 10. It would appear that both union and management engage in a similar overall range of activities, with a similar overall level of importance attached to this bargaining process. The overall mean score for management was 0.59, whilst the union convenor mean was 0.5 and the union FTO mean was 0.54. Management were, therefore, slightly more active in this area.

Approval across all bargainers is more readily given for communal strategies than for private ones; the communal mean being 0.59, whilst the partisan mean being 0.5. Most bargainers also favour the communal practices; only the convenor is predisposed towards partisan practices at the expense of communal practices.

Within this predominantly communal pattern, several features can be observed that provide some additional insight into the character of these activities in practice. The first is the

emphasis placed by management upon keeping the union on board, similar to Oxenbridge and Brown's (2005) characterisation of the way in which unions, under partnership, assist management by legitimising change. However, the generally gloomy assessment of the future role of the unions here may also reflect Oxenbridge and Brown's suggestion of the challenges that extreme competitive pressures place on partnerships. Management's primary attitudinal structuring practices are bound up with the desire for the union to perceive common interests with the company (both communal and partisan variants), whilst management shies away from attempting to punish the union. Nurturing a sense of common interests is a relatively lower priority for the union, whilst the punishment tactics get top billing here. The union does not make much attempt to demonstrate its utility to FoodCo, nor attempt to distance the union from things that are harmful to the company. Management appears the more sophisticated in this respect, whilst the union makes little attempt to market itself as an integral partner in the relationship.

Table 10. FoodCo: Managing the other side in the relationship



Whilst not wanting to over-exaggerate these differences, it might be reasonable to suggest that there is a mutual recognition of union strength informing the choice of strategies here, which is also underpinned by the pressure facing the organisation in product markets. Keeping the union sweet and avoiding potentially fatal disruptions to productivity may be

appropriate strategies in the circumstances. From the union side the priorities are reversed – there is recognition of the product market pressures, but the predominant pressure is in maintaining the status of the union, effectively justifying the mandate of the workforce. Occasional flexing of the union’s muscles might equally be appropriate in these circumstances.

As a whole the attitudinal structuring activities here can be characterised as predominantly communal.

4.3.3. Intraorganisational bargaining

Acceptance of some central aspects of management’s change priorities appear to be basically accepted by the GMB convenor, as already indicated, although there is a question about whether this has resulted in concertation (Boxall and Haynes, 1997). There is evidence that both union and management are willing to engage in intraorganisational bargaining Walton and McKersie, 1965) in respect of the collective bargaining agenda. The workforce initially rejected the 2005 agreement, although the union was satisfied that no extra money was available. The services of ACAS were engaged, but with the primary aim of convincing the workforce of the conclusion already reached by the negotiators, a task which was duly achieved, resulting in the subsequent acceptance of the same deal on a second vote. This indicates that the feature of ‘union power *over* rather than *for* its members’ commonly associated with *partnership* employment relations (Samuel, 2005) is not simply limited to partnerships. This observation reinforces Ackers’ (2007) reassessment of Clegg’s (1951) consideration of the heritage of intraorganisational tensions. The parties explain this process in the following terms:

Last year, they came out and said 'there isn't a pay rise'. I balloted the members, 450 said no we wouldn't accept it and 35 said yes we would. We went back and said we've got a few who disagreed, we'll need to exhaust it at ACAS, and they said Ok we'll do that
(GMB Convenor)

part of [the] claim was for a substantial pay rise and a number of points, and we managed to whittle that down but then I was to go back that we'd settle around RPI or slightly higher than RPI but that we'd set up a working party to consider a bonus scheme based around some key business measures. And that was recommended by the unions but rejected by the workforce because they didn't like the fact that we'd put in the

working party for a bonus scheme, so we removed that one and we got ACAS to say that was the best available offer and they voted it in (Finance Director).

I knew what [the ACAS official] was going to do, he was going to say...right this company's made a £6m loss year in, year out, for forever and a day this guy's come in and bought it for nowt, made a loss - what do they think's going to happen there? We got them, I think we got them above inflation, what do they think? Do you know what I mean? So [he] came in talked to the company, came back to see us and said 'If you ask me, my opinion is that you've done very well, this is not binding arbitration it's conciliation we're still willing to talk to each other, but they're saying it's the end of the line'. So we just said 'fine, put it out' (GMB Full-time Official).

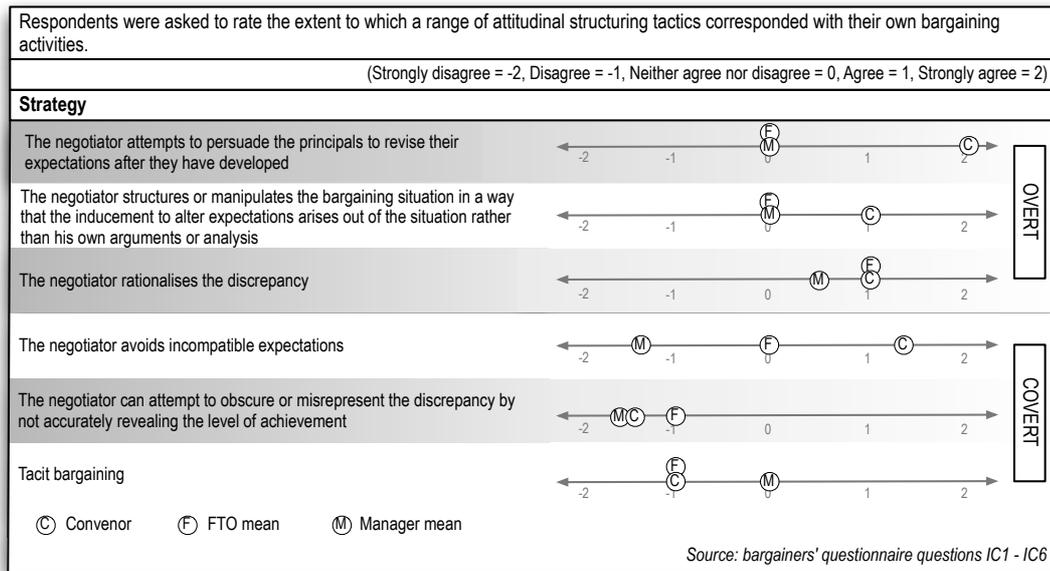
There is also some evidence of low-level intra-union conflict (Geary & Roche, 2003a, 2003b), although the significance of this appears to be limited. Disgruntled union stewards are referred to in similar terms by Finance Director and GMB Convenor alike as being “stuck in the old [conglomerate] culture”, that is, not accepting the changed realities of a necessarily leaner organisation operating in a keener competitive environment. For the union it is treated as little more than:

an irritation that I can live with and the factory can live with. It's a maximum of fifteen, they say things like 'I rejected the pay rise because I'm a labour person and my dad always said to me that you should reject the first deal' and I said 'was it the first offer? It might have been the first offer to you, but to us there were three offers before the final offer.' And you get these people and you say come and join the committee and see how we arrived at that (GMB Convenor).

This would appear to be little more than a normal frictional issue in the management of the union side. The Full-time Official expresses his understanding of the issue in the following way:

There's two stewards in there, well one's not a steward now I think after the first lot of the pay negotiations I said is everybody happy with this they said yes, and we went out. It didn't go through and I went 'Why didn't you sell it if you were happy with it?', 'I wasn't happy with it', 'But I asked you, you said you were happy!', 'Well yeah, that's what I was going to tell you, but I told the rest of the lads and lasses to vote against it, I said 'That's absolutely fantastic'.

Table 11. FoodCo: Managing your own side in the relationship



Survey data (Table 11) suggests that both sides engage in some intraorganisational bargaining activities, although to greatly differing extents. The union convenor's engages most readily (mean 0.48), whilst the union FTO (mean -0.25) and management (mean -0.4) are relatively reluctant participants. Management only endorse two of the fifteen bargaining tactics in this sub-process, compared with nine endorsed by the convenor, supporting Walton and McKersie's (1965) and Offe and Wiesenenthal's (1980) point that intraorganisational bargaining is typically an issue for unions rather than management. Whilst there is some small evidence of intraorganisational bargaining on the part of management, it is considerably lower than the combined response of the union side.

The Convenor, particularly, suggests a rather robust approach:

I control the shop stewards, I control the workforce. And they've said if I wasn't here I'd be surprised if they'd have any other. Because, the shop stewards, they'll see people who can go into the tea bar, and they'll talk a good fight. But when it comes up to ...pay or whatever, and it'd be mayhem to be honest.

And, indeed, the Full-time Official appears to be of a similar mind:

the next pay rise when we went in for it I said 'Right, we're going to make a decision here, democracy, what do you think about it?' And 'er, er', I said 'never mind might, I want an answer are we going for it or not?' and I finished up by saying 'Right now

remember, I've put no pressure on you, I've asked you what you think, you've said that - now if I catch any one of you going out there and saying any different to that I will be asking for your shop steward's credentials because you've taken that decision', I wasn't horrible I just said 'What do you think about it? You tell me what you think, will you be able to sell this, do you think it's a good deal?', and they all said yes. And it improved, but there was one particular woman - I caught her having a go at [the Convenor]. I was waiting by the coffee machine, she didn't know I was there, and she was going 'Oh, him, he doesn't know what he's doing he's got no idea', words to that effect. I said to her 'You talking about [the Convenor] there?', 'No, no I wasn't talking about [him]' ... but she's gone.

The characteristic of this robust approach is its relative openness, reflected in the distinction between overt and covert patterns of intraorganisational bargaining highlighted in Table 11. The union convenor's intraorganisational bargaining strategies prioritise the management and modification of expectations. The most important strategy here is *'attempt to persuade your side to change their expectations'*, followed by the *'avoidance of incompatible expectations from the beginning'*. This may reflect the prestige and confidence of the GMB convenor, which enables him to formulate bargaining objectives he feels are compatible with the bargaining context, and to effectively challenge 'unrealistic' membership expectations. However, there is also a willingness to use other tactics: structuring the bargaining context to change expectations and the rationalisation of the gap between results and expectations, which were both evident in the use of ACAS as mentioned above.

Taking the patterns as wholes, overt strategies are endorsed by all three bargaining parties (notwithstanding substantial variation in degree), whilst covert strategies are rejected. However, on face value, union intraorganisational bargaining strategies are substantially differentiated between convenor and FTO. Whilst the convenor endorses all but two strategies the FTO only attaches such importance to one strategy – *'rationalisation of the gap between results and expectations'*. Two strategies are rejected by both convenor and FTO: *'obscuring or misrepresentational tactics'* and *'tacit bargaining'*, both covert strategies. Only one covert strategy is endorsed by any bargainer; *'avoids incompatible expectations'*, by the convenor.

From the management side we see a different pattern of activities. The *'avoidance of incompatible expectations'* is rejected; this may signify a much tighter decision-making structure that, with a relatively small management team and private ownership of the company, might be expected. Similar responses were expressed in relation to obscuring and misrepresentational activities, and this may be explained in the same way. Only one intraorganisational bargaining strategy was positively responded to, and that weakly – the *'rationalisation of the gap between results and expectations'*. All other strategies received a neutral response.

As a whole, intraorganisational bargaining practices represent a substantial part of the arsenal of bargaining practices of the principal bargainer on the union side. In the absence of management there is relatively strong support for overt variants (mean 0.83), and relatively weak rejection of covert forms (mean -0.35).

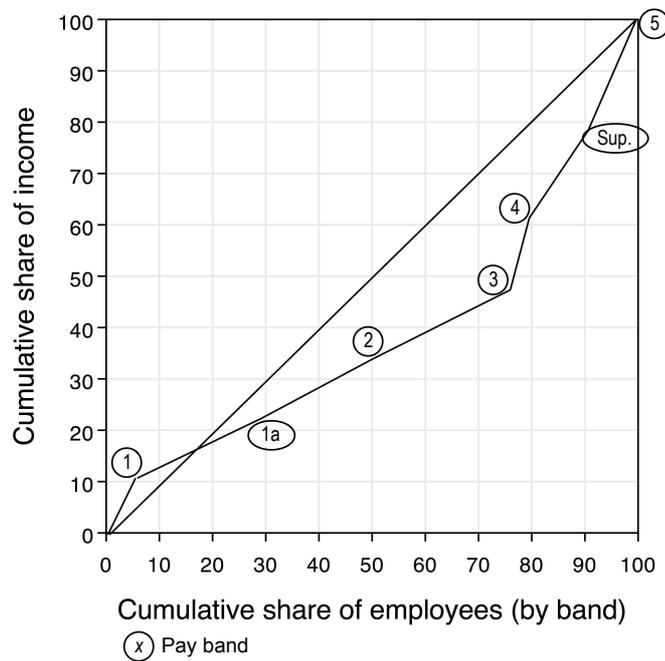
4.4. Outcomes

4.4.1. Reward practices

The reward system is based upon an annualised hours scheme that allows for greater flexibility in the utilisation of the workforce, and aims to reduce dependence upon the use of overtime during periods of peak production. Within these typical full-time hours, there are various shift patterns: fixed shifts; rotating shifts; day working; permanent night shift; two shift and three shift patterns. Various shift premia will apply to particular shifts according to the basic patterns of work.

The relevant annual salaries are determined by an hourly rate that distinguishes seven bands of employees categorised by skill acquisition. Pay bands are comprised of specified jobs, although movement between bands depends upon the accrual of specific skills. Access to such training opportunities is available through an application process.

Figure 4. Lorenz curve for FoodCo wage distribution



This is a spot-rate scheme, with no provision for pay progression outside of promotion. Figure 4 illustrates the extent of hierarchy in the scheme. As can be seen, bands 1 through 4 are relatively egalitarian with progressive differentials of between around 6 and 7.5 per cent. The cumulative differential between bands 1 and 4 (comprising nearly 80 per cent of the hourly paid workforce) is only 31 per cent. However, the supervisor and craft (5) bands are substantially more hierarchical, with successive differentials of over 20%. It is the differential between band 4 and the supervisor band that is significant in this respect, as the craft band represent separate workflow arrangements. Overall the pay distribution is relatively egalitarian, with a Gini coefficient of 0.22.

Employee benefits comprise 25 days holidays, along with maternity leave arrangements which provide no additional maternity pay over an above SMP, but which allow a general right to return to previous employment within 52 weeks of commencing maternity leave along with 4 weeks enhanced maternity pay upon return to work. Parental leave arrangements are available up to a maximum of 13 weeks per child (2 weeks paid at SMP rate or 90% of average earnings, whichever is the lower). The company also offers pre-retirement alterations to working

arrangements, allowing employees to reduce their working hours during the 12 weeks prior to retirement, resulting with the opportunity to work a 2-day week during the final four weeks of employment. Free FoodCo products are available for employees' personal consumption and the employer provides protective clothing. Employees become eligible for sickness benefit after one year's service. The scale of the benefit increases in three steps to a maximum of 18 weeks at 80 per cent of pay and 18 weeks at 70 per cent of pay after five year's service.

Performance management systems exist, but only for white-collar staff, and this underpins a merit pay system for pay progression. Management believe that productivity is an issue on the manual side:

We need about a 15-20% productivity increase, and I believe that it's there, because we've never looked at our line numbers for a number of years, objectively, and over those years our productivity's fell away somewhat (Finance Director).

Productivity is primarily measured through variations in levels of waste. Following the rejection of the gain-sharing proposal, a short-term incentive (Brough, 1994) has been implemented, the provision of £5 Marks and Spencer's vouchers awarded to the most productive line of the week. The FTO's attitude towards this is derisory: "what he's done, he's managed to work them smarter. He's managed to cut the waste down dramatically, and the savings have all gone in his pocket".

The company continues to operate a final salary occupational pension scheme. The scheme has become less generous in recent years, with a change in the calculation of pension entitlement from basis of 60ths of final salary to a basis of 80ths. This change was accepted by the workforce, against union recommendation, as part of an annual pay deal in order to achieve higher base pay. This pension scheme is currently under threat of being frozen. This issue has led to the postponement of the annual wage negotiations, and is of major importance to the union: "they've got to back off and come to a compromise regarding the final salary pension scheme, that's imperative it's an emotive subject" (GMB Convenor).

Table 12 illustrates the application of Gomez-Mejia and Balkin's (1992) typology to the reward system here. Nineteen out of the twenty indices provided relevant data. The current

reward system represents a largely consistent pattern of reward choices against the criteria of Gomez-Mejia and Balkin's typology. Algorithmic practices predominate throughout each section of the model, although there are a number of outliers. Greatest consistency is evident in the basis for pay around the algorithmic mode, whilst slightly less consistency is evident in design issues and administrative framework, each with two outliers.

4.4.2. Reward preferences

No strong pattern of management reward preferences is expressed in Table 12. The modal response is at the mid-point with more than half of preferences being outliers to the mode. This lack of clarity is evident within the three sections of the model, with bi-modal distributions apparent in two and a mid-point mode in the third. However there are some interesting, if minor, variations. There is a tendency towards experiential patterns in determining the basis for pay especially when compared with the algorithmic patterns concerning the administrative framework. Indeed, if it were not for the extreme preference expressed for a decentralised form of decision-making, which may simply reflect an ongoing antipathy to the experience of corporate existence whilst under conglomerate ownership, this distinction would be even more marked.

This preference for decentralisation in pay administration does appear to be somewhat at odds to the stated preferences for an authoritarian governance structure, and for bureaucratic pay policies. This may, therefore, be an anomaly and if so, a clear distinction from the preferences expressed concerning the basis for pay would be more noticeable.

Table 12. FoodCo: Current reward outcomes vs. reward preferences

Basis for pay	Compensation strategy		Status
	Algorithmic	Experiential	
B1 Unit of analysis	Job	Skill	④
B2 Criteria for pay increases	Tenure	Performance	④
B3 Level of performance measurement	Individual	Individual and aggregate	①
B4 Time orientation	Short-term	Long-term	②
B5 Risk sharing	Low	High	②
B6 Strategic focus	Corporate	Division and business unit	
B7 Equity concern	Internal consistency	Market driven	①
B8 Reward distribution	Hierarchical	Egalitarian	④
B9 Type of control	Monitor of behaviours	Monitor of outcomes	②
Design issues			
D1 Salary market policy	Above market pay	Below market pay	②
D2 Benefits market policy	Above market benefits	Below market benefits	②
D3 Incentives in pay mix	Low	High	①
D4 Total compensation	Low future potential with higher immediate payoff	High future potential with low immediate payoff	①
D5 Reinforcement schedule	Fewer rewards with low frequency	Multiple rewards with high frequency	①
D6 Reward emphasis	Non-monetary	Pecuniary	①
Administrative framework			
A1 Decision making	Centralized pay	Decentralized pay	③
A2 Pay disclosure	Low	High	②
A3 Governance structure	Authoritarian	Participative	①
A4 Nature of pay policies	Bureaucratic	Flexible	①
A5 Superior dependency	High	Low	④
Preferences and practices C Convenor F FTO M Manager E Employees — Current practice Status of practice ① Supported status quo ② Contested status quo ③ Weak/unfocussed change ④ Supported change			

Sources:
 Reward practices - organisational documents (pay structure, pay survey, collective agreements), interviews with bargainers.
 Reward preferences - bargainers' and employees' questionnaires (questions B1-B9; D1-D6; A1-A5)

Within the basis for pay, we can note some interesting expressions of preference. There is a clear location of skills over jobs as the basic unit of analysis. The current practice within FoodCo makes reference to skill distinctions between jobs and this may be a reflection of that feature. However, the preference for performance-based criteria for pay increases is moot, as the organisation's current practice is a spot rate scheme. However, the suggestion of a clear preference for a performance criterion, indeed one which combines individual and aggregate measures may be meaningful, and could be further investigated in respect of how it reflects the organisations stated workflow requirements. A related issue is the positioning of reward distribution preference on the mid-point. This is a choice that might be interpreted as a simple

compromise or alternatively as a positive decision. This could also be usefully investigated further in relation to workflow needs, but has particular significance for considerations of equity. Indeed, the only clear algorithmic expression of preference in this section is that specifically concerning the determination of equity; it may be the case that the distribution choice is influenced by equity considerations more than workflow considerations, and that both may be subject to union pressures. Two mid-point scores under the design issues section require particular interpretation, these concern the market pay and benefits policy. Internal equity has already been cited as the preference, and so the choice of a central position here may simply reflect that priority. However, alternative interpretations also include: the cost pressures apparent in the organisation against the continued requirement for quality standards and waste reduction, or indeed be a reflection of union pressure. Similar influences may be apparent in respect of the stated preference for longer-term rewards at the expense of immediate pay-offs, although this may be associated with management's long-term plan for a profit-sharing scheme.

We can see a number of 'traditional' union reward preferences expressed in the union convenor data (Table 12): pay increase by length of service; low risk sharing; low ratio of incentives to base pay; internal comparison for equity; desire for above market pay and benefits; and an emphasis on monetary rewards. However, there are also a number of more surprising expressions here. The support for hierarchical forms of reward distribution does tend to contradict the general direction of union influence on rewards (Heery, 2000). There is also strong support expressed for decentralised decision-making, which would tend to conflict with the longstanding union commitment to national pay bargaining. However, this may also reflect more immediate organisational experiences similarly to some other examples discussed below.

A number of responses appear to be congruent with current organisational practice, reflective of recent organisational experience, or representing something of a compromise between the two. The compromise position taken between skills and jobs as the unit for pay determination may simply be a question of splitting the difference between a 'natural' orientation on jobs and the current agreement which is references skill distinctions between jobs. Similarly,

there is a preference for short-term measures of performance; no real preference for immediate against future rewards or vice versa; and the strong preference for decentralised pay, as previously mentioned. Interview data suggest that these choices represent a rationalisation of previous organisational experience, especially the period of conglomerate ownership, which are regarded now as something of a straitjacket on the independent activity and decision-making at FoodCo. Equally, the desire for short-term performance measures may reflect some nervousness about the long-term viability of the organisation, or indeed about the kinds of behaviours that are considered necessary to maintain competitiveness in the product market.

The most noticeable aspect of the pattern of choices here is the considerable gap between the nature of the preferences expressed in respect of the basis for pay and design issues, and those expressed in respect of the administrative framework. Some of the choices in this section are surprising, such as that concerning decentralisation. Similarly, there is a strong preference expressed for high levels of *individual* participation of employees in the setting of pay policies and the distribution of rewards. This would appear to run counter to the representative function of the union. The support for flexibility in pay policies is also unusual, for similar reasons. The collective agreement is generally regarded as providing a stable, collective safety net for the workforce against potential incursions by managers who may have designs on making individual adjustments to pay.

An alternative reading of this choice is to look at it in conjunction with the preferences for decentralisation; high levels of pay disclosure (traditional); and low superior dependency. Taken together these four choices may be more concerned with loosening the grip of management on pay decisions, opening them up to employee influence. The nature of this employee influence may be considered as a matter for the future, or it may simply be taken for granted that the union will automatically represent employees in this manner.

Table 12 also illustrates the collective reward preferences of the workforce. This data differs from that presented for the other parties to the extent that here we are looking at the modal response for each item. The overall modal response is on the mid-point of the scale. However, it

is reasonable to suggest that employee reward preferences typically tend towards the algorithmic end of the scale: there are six instances of the extreme algorithmic preference being favoured by the majority of employees; the same can only be said in respect of experiential preferences on two occasions. The 'basis for pay' choices are most clearly expressed at the mid-point of the scale; the other two categories of choices have a bi-modal distribution.

4.4.3. Comparisons of bargaining parties' reward preferences

The union convenor's reward preferences show a distinctly different pattern to management. As can be seen in Table 12, the preferences suggest a consistent algorithmic pattern in respect of two sections: basis for pay; and design issues although the administrative framework section shows a strong preference for experiential practices. The overall modal response is algorithmic, although the distinction with management is more apparent by looking at the responses section by section.

Whilst the overall mode of reward preferences from the union FTO is the same as that of the union convenor the pattern of responses are quite distinct. The pattern of preferences under 'basis for pay' between convenor and FTO is similar, albeit that the FTO's responses tend to be placed consistently to the right of the convenor's, reflecting a more experiential strategy. One clear divergence is apparent, however, in respect of the criteria for pay increases. Whilst the convenor expresses the strongest possible preference for the algorithmic approach to this element of reward design (tenure-based), which is also consistent with traditional union preferences (Gomez-Mejia & Balkin, 1992), the FTO prefers the linkage of pay increases to performance, which is most surprising. This may be interpreted in respect of his strong support for the gain sharing proposal:

I said 'you're gonna share that?' and he said 'Wey aye ... I've got to, because whatever savings I make is going to be a bonus for me', and I thought 'We'll have some of that'. So it was in a way, I didn't do it subconsciously thinking 'This'll save FoodCo money' I done it subconsciously thinking 'If I was earning £100 a week and throwing away £60 as I was walking out the office door for no reason at all, just chucking it away like Tourette's Syndrome, when you don't know what the hell you're doing, I'd want to try and stop that'.

And then when I thought about it, 30 per cent bonus scheme for doing exactly what you're doing, except smarter. There was going to be no additional hours worked...

I thought 'God, if we can't have that without any...it's a win, it's a cliché but it is a true win-win situation. [He's] getting his waste up to 70 per cent and we're saving. So I thought it was a total...I was expecting it to be, not applauded for it, but I was expecting to be...because they were, as well it was common to the members as it was to the company. If they would see...

There is substantial overlap between convenor and FTO concerning design issues, although substantial divergence concerning the administrative framework. This may be more of a reflection of the remarkable preferences expressed by the convenor in this section, as the FTO's preferences appear unexceptional. A comparison of management and union convenor preferences (Table 12) highlights some clear divergences of approach. Management preference for performance based pay increases against strong convenor preference for tenure-based increases is particularly marked. There is a relatedly strong union antipathy to risk sharing and incentives that compare with a rather more sanguine management orientation to the same issues.

Pay and benefit market policy preferences are predictably distinct, although there are less predictable differences in the nature of reward distribution, with management expressing a desire for more egalitarian approaches than the convenor. Both parties place emphasis upon monetary rewards. Despite a shared approach to decentralised decision-making, management displays a markedly less open approach to pay administration, with the largest gaps emerging in this section.

Whilst there are clear, substantial differences between management and union convenor, they are not so apparent between management and union FTO (Table 12). The pattern of preferences of both FTO and management makes for a surprisingly close comparison. For example, whilst union FTO and convenor converge around preferences on nine occasions and substantially diverge on four occasions, FTO and management converge on ten occasions and only substantially diverge on one occasion. So we see similar sets of preferences throughout basis for pay, design and administrative framework. There does not, then, appear to be much substantive difference in reward preferences between management and union FTO.

4.4.4. Comparisons of bargaining parties' and employees' reward preferences

Moving away solely from a focus upon the comparative preferences of the bargaining parties, it is interesting to consider the preferences of employees themselves and how these are reflected in the preferences of bargainers. Such a comparison will provide some indication of the proximity between what employees want out of the reward system, and what their representatives and managers want for them. The extent to which these coincide or diverge will provide an indication of various pressures within the employment relations system that might be expected to be expressed within the bargaining processes, and have an indirect impact upon actual reward outcomes.

Comparison of employees' reward preferences with those of other parties requires some caution in the interpretation of the data. Whilst the preferences of other parties are directly represented with employees we are looking at the modal preference. As such it is important not to place too much weight upon these comparisons, as the range of preferences actually expressed for any single item might be relatively large or small.

Comparisons can be drawn, however. Most apparent congruence with employees' modal reward preferences occurs with those of management (Table 12). We can identify nine items where employees' and management's preferences intersect and only two instance in which their preferences lie at extreme opposites. Where divergences do occur, however, employees' preferences are predominantly algorithmic in comparison to those of management. Some of the items where there is convergence are unremarkable, for example the mid-point convergences concerning time orientation and reward distribution; whilst others are more surprising, such as the mid-point convergence on risk sharing. This appears to be at odds with the workforce's recent rejection of the ostensibly less controversial success-sharing scheme. However, taken together with the more algorithmic response concerning the 'incentives in pay mix' item we might simply regard this as an anomaly in the nature of the measure of central tendency applied to this data.

The two large divergences are interesting, although for different reasons. The resistance of employees to the idea of performance measurement being located at a level lower than the

whole corporation might be interpreted as a traditionally collective response of the 'whole' workforce in a single organisation - unity is strength. Relatedly, it may be a more mundane reaction against current management aspirations to monitor the relative performance of the various production lines. Equally, management's feeling around this issue may be influenced by the currency of this initiative. More surprising is the workforce's prioritisation of non-financial rewards, a position clearly not shared by management, nor indeed by the union.

There is both markedly less convergence and more divergence between employees' reward preferences and those of the union convenor than was seen in the comparison between employees and management. There are only five items upon which employees and convenor agree, and three items where their opinions sit at opposite ends of the spectrum. It should be noted that the majority (4 out of 7) of all divergences and all of the large divergences occur amongst the administrative framework items. We have already discussed the idiosyncratic nature of the convenor's response to these items and, as such, the apparent differences between employees and convenor may be exaggerated.

Notwithstanding these observations, it is apparent that the workforce appears to prefer more experiential approaches to reward than does the convenor. Eight divergences show the workforce to the 'right' of the convenor, whilst only 3 (excluding the potentially problematic administrative framework items) are to the 'left'.

Divergences in reward preferences are greater still if we compare employees with the union FTO. Once again we find only five instances of convergence and an increase in the number of large divergences to four. Convergence here echoes those found in the comparison between employees and management, as might be expected given the degree of agreement between management and FTO. However, it is noticeable that where management and FTO are in disagreement it is management's position that is more regularly in line with employee opinion. FTO preferences appear to criss-cross the model, and the impact of this is apparent when considering the nature of divergence between employees and FTO. Whereas the direction of divergence was relatively clear between employees, convenor (workforce more experiential) and

management (workforce more algorithmic), the comparison with the union FTO is less clear-cut. Of the fifteen items of divergence, the workforce is more experiential eight times and more algorithmic seven times. There is no obvious relationship between the direction of divergence and the nature of the item; it simply appears that the FTO's preferences veer in ways that are at odds with those of the employees.

Comparing reward preferences in this way suggests that most employees' preferences are not only close to those of management, but also that management's preferences are more coherent and consistent in relation to those of the workforce than is the case if the comparison is made between employees and the union.

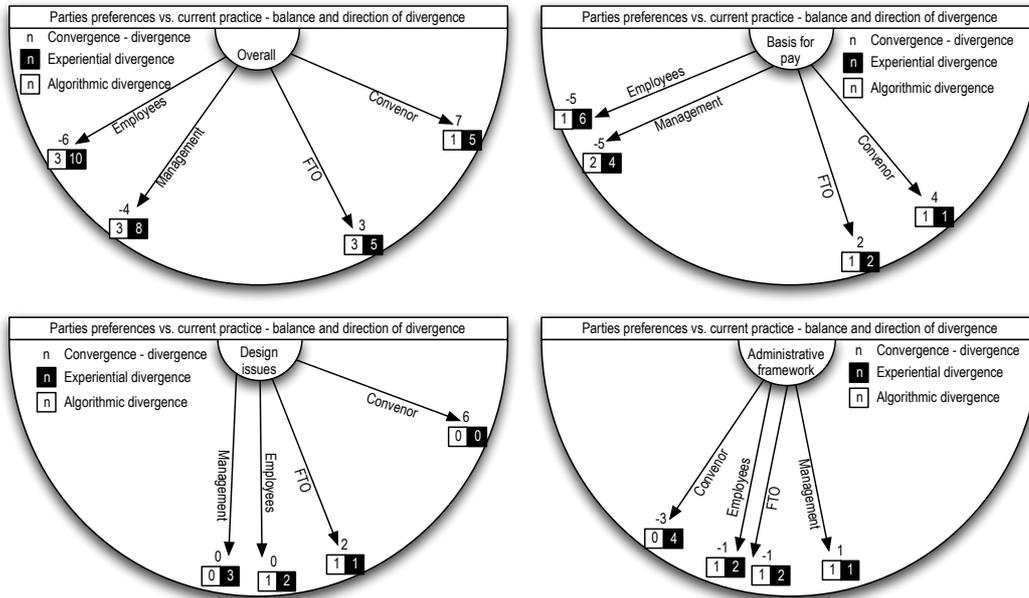
4.4.5. Parties reward preferences and reward outcomes

Comparison can be made between the parties' reward preferences and current reward practices along the same indices (Table 12). This is significant insofar as it represents the extent to which current reward practices are acceptable to the various parties. As such it may be an indication of current satisfaction with rewards and of pressure for future change in the reward system. The extent to which the parties diverge with current practice in their varying degrees may further provide a guide to areas of potential conflict in the employment relationship.

Initially, however, it is instructive to consider the broader picture of winners and losers in respect of reward preferences versus reward outcomes. This can be illustrated by comparing the balance of divergence and convergence between parties' preferences and outcomes (Figure 5). By doing so we can see that the union convenor is by far the most successful party in terms of reward outcomes: thirteen items of convergence balanced against six items of divergence, resulting in a net score of seven. Indeed if it were not for some of the more idiosyncratic responses in the administrative framework section, the convenor's success would be still more apparent. The union FTO is also relatively successful, with a net score of three. Management is less successful, with a net score of minus four, whilst employees do least well with a net score of minus six.

Figure 5. FoodCo: Reward 'winners' and 'losers'

This figure illustrates the balance between parties' expressed reward preferences and current reward practices
 Sources:
 Reward practices - organisational documents (pay structure, pay survey, collective agreements), interviews with bargainers.
 Reward preferences - bargainers' questionnaire (questions B1-B9; D1-D6; A1-A5)



Satisfaction with reward outcomes is not uniform, with parties being more or less satisfied with different aspects of the reward system. The union convener and FTO are the most consistently satisfied parties, with net positive scores in two out of three sections, whilst management only achieves a positive net score once, and employees fail to achieve a positive score in any section. Basis for pay and administrative framework issues are the most consistently unsatisfactory set of reward items. 'Basis for pay' has the widest spread of results, representing the biggest gaps between those parties who are relatively satisfied and relatively dissatisfied with practice. Employees were most dissatisfied with basis for pay items, which was also the least satisfactory set of items for management. Management was the most satisfied with the administrative framework, whilst the union convener rated this aspect of rewards as his least satisfactory.

Whilst this comparison allows us to locate the extent to which parties' reward preferences are reflected in current practices, it does not provide an indication of the nature of any such divergence. That is, when parties' preferences and current practice are not aligned, is that because preferences are insufficiently algorithmic or experiential? Lining up data that indicates

dissatisfaction is one thing, however it is only by understanding the nature and direction of that dissatisfaction that one can begin to interpret its likely impact upon current practice. This direction of divergence is also indicated in Figure 5.

Considering, initially, the overall pattern of preferences indicated by the parties we can see that, for all but the union FTO, the direction of divergence is predominantly experiential. That is, in most cases where parties' preferences diverge from current practice, those parties would prefer a more experiential practice. It is only the FTO whose preferences compared to practice tend towards the algorithmic, and then only marginally more so.

The significance of this is quite apparent when we turn to the basis for pay items. As we have discussed, employees get least return on their preferences of any group in this section, and the lowest return of any party in any section here. Management achieve a similarly meagre return, whilst union FTO and convenor do relatively well. However, looking at the preferences against practice, we can see that amongst employees and management there is a clear desire for more experiential practices. In general experiential practices appear more popular to management and employees, and somewhat less so to the two union parties.

The extent to which the gap between preference and practice informs change in practice will be subject to the various bargaining processes, as discussed elsewhere. However, this analysis provides the beginning of understanding how and where the gap between desire and reality might inform those bargaining processes. That is, where the pressure for change in reward systems might emerge and which parties may be interested in change and which may resist it. Understanding these issues may provide important indications about the scope for conflict or cooperation, and the potential for integrative or distributive bargaining around various issues. Additionally, where substantive negotiated solutions to issues may not be attainable in the short term this understanding will also set out the issues towards which parties may wish to attempt to alter attitudes, through attitudinal structuring or intraorganisational bargaining activities.

At face value, most dissatisfaction with the current reward system may be associated with employees, with some dissatisfaction amongst management and FTO, with little apparent reason

to seek change for the convenor. However, when we look at the various sections of the reward system, it is apparent that there is both most pressure for change (employees and management) and substantial reason to expect resistance to change (convenor) amongst basis for pay items. By comparison, net dissatisfaction with rewards is much less apparent in the ‘design issues’ and ‘administrative framework’ sections.

However, the extent to which these broad sets of reward preference are expressed in bargaining activity will depend upon the specific coalition of parties’ interests over particular issues, and also upon the capacity of parties to develop their bargaining power, which may be linked to coalition building with other parties. Figure 6 indicates the broad potential for such coalition building.

This Venn diagram sets out the number of instances where particular coalitions of reward preferences coincide. It is noticeable that both the management and FTO exhibit markedly fewer instances where they hold an isolated position, only two instances each compared to six instances each in the cases of the convenor and employees. It may be that this relative absence of isolated positions represents a function of effective leadership. That, either through attitudinal structuring or intraorganisational bargaining activities, or alternatively through weak crowd following, these parties are able to ensure that the positions they adopt are shared by others.

The major preference coalitions are held between: convenor and FTO (six items); management and FTO (five items); management and employees (five items); and convenor and employees (five items). There is only one item around which management and convenor hold an exclusive common preference, as is also the case between FTO and employees. The coalition of three or more parties over items is relatively infrequent, although the exceptions to this are the coalitions between management, FTO and employees (three items) and management, FTO and convenor (two items). There is only one item around which all parties converge, incentives in pay mix; this also coincides with current practice.

Figure 6. FoodCo: Coalitions of parties' reward preferences

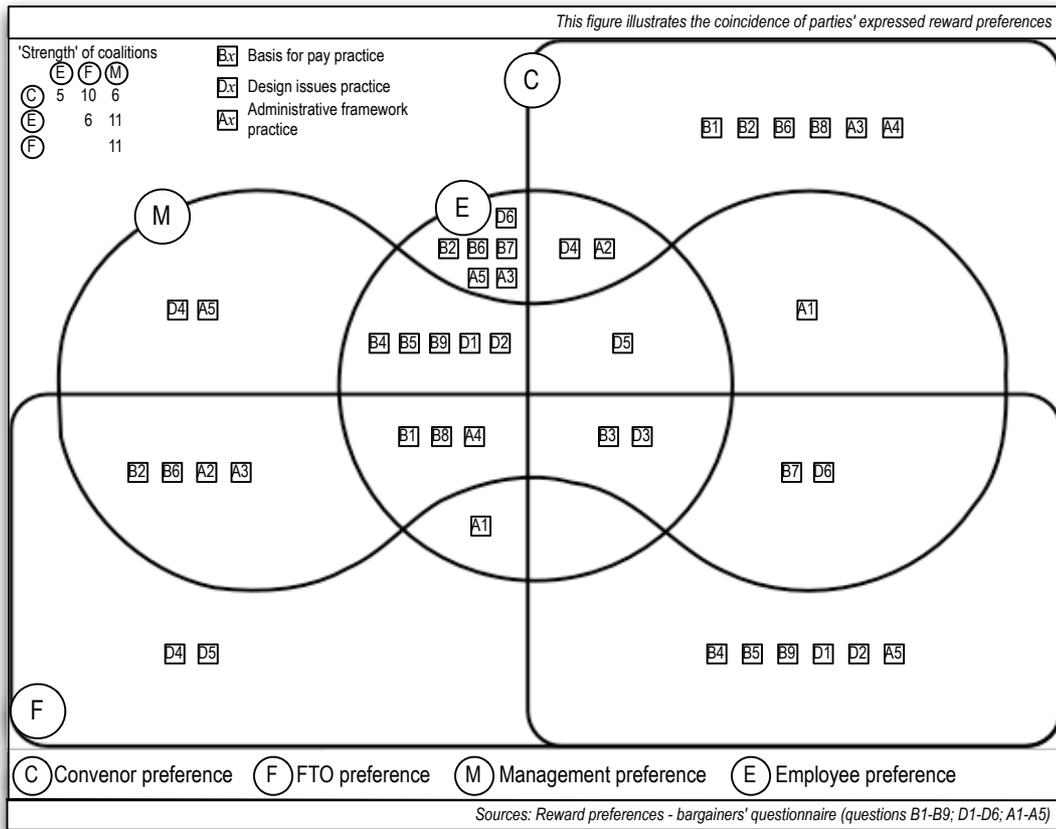


Table 12 sets out the coalitions of preferences by item of reward, and illustrates their relationship to current reward practices. Whilst the table sets out all coalitions, discussion will be limited to those items that are reflected in current reward practice in order to retain a sense in which these preferences might inform change (through the bargaining processes) of the extant reward system.

There are a number of instances where coalitions of preferences are aligned with current practice and appear to protect the status quo to the exclusion of all or isolated parties, which we classify 'supported status quo'. 'Incentives in pay mix' has already been mentioned, similar situations include: 'equity concern' (employees isolated); 'reward emphasis' (employees isolated); 'nature of pay policies' (convenor isolated); 'governance structure' (employees and convenor isolated); and 'total compensation' (FTO and management isolated).

Another form is apparent, where a coalition supports the current practice, but faces an alternative coalition of interests - 'contested status quo'. This can be seen in respect of: 'time

orientation' (management and employees in experiential opposition); 'risk sharing' (management and employees in experiential opposition); 'salary market policy' management and employees in experiential opposition); 'benefits market policy' management and employees in experiential opposition); 'pay disclosure' (FTO and management in algorithmic opposition).

Items apparently vulnerable to change are those where either no or only one party supports current practice, and where a coalition agrees upon an alternative - '*supported change*'. Such items are: 'unit of analysis' (no support, management, FTO and employees in experiential opposition); 'criteria for pay increases' (convenor support, management and FTO in experiential opposition); 'reward distribution' (no support, management, FTO and employees in algorithmic opposition); 'superior dependency' (management support, convenor and FTO in experiential opposition).

The final category is a variation of the previous one, there is no support for current practice and two coalitions disagree over preference - '*weak/unfocussed change*'. There is only one example of this: 'decision making' (FTO and employees in experiential opposition, convenor and management in more radical experiential opposition).

The identification of the locus and likely direction of pressures for change in reward systems is of potential importance and may be seen as a significant addition to the bargaining practices of parties as these pressures find expression through bargaining processes. However, given the centrality of rewards for employees, bargaining parties may want to take into account further interactions that have apparent bearing upon employees' reward preferences.

The first set of interactions concerns the relationship between demographic factors and reward preferences. Various studies (Wagner & Bakerman, 1960; Chapman & Otterman, 1975; Glueck, 1978; Hong *et al.*, 1995) have previously considered the impact of certain demographic factors upon reward preferences, such as age, gender, industrial sector, educational attainment and so on. The indication of such preferences here would further inform the activities of bargaining parties in seeking to introduce changes in rewards.

The second set of interactions concerns the nature of the relationship patterns held by employees towards the bargaining parties. Heneman et al. (1997) has suggested the importance of securing union trust when seeking to introduce alternative reward systems in unionised environments. The extent to which trust (along with other attitudinal dimensions) of both bargaining parties on the part of employees affects their reward preferences will be indicative of the scenarios under which agreed change will be possible, but also inform the nature and necessity of various bargaining process activities. For example, the opportunities for distributive or integrative bargaining and/or the requirement for attitudinal structuring or intraorganisational control activities.

4.4.6. Employees' reward preferences, demographics and relationship patterns

Analysis of employee-management/union relationship patterns identified a number of significant associations with demographic factors. However, a similar analysis of the relationship between demographic factors and reward preference patterns does not identify such widespread significant associations; the cross-tabulations are presented in appendix seven.

Gender has no significant associations whilst age has a predictable impact upon risk sharing, with a higher preference for this practice amongst younger rather than older employees. Similar patterns can be seen in relation to the use of incentives, although the pattern is not quite so clear-cut. There is a preference for hierarchical pay distribution amongst younger employees.

Union membership has only one significant association, that of superior dependency. Union members seem to be more sceptical about how much freedom managers should have than non-union members. Pay grade has only one significant association, with reinforcement schedule: Grade 1 prefer many, smaller rewards; Grades 1a and 5 prefer fewer, larger rewards. Other grades show no significant preferences. Employment status has a clear association with criteria for increases: permanent staff prefer a linkage with seniority, whereas temporary staff prefer a linkage with performance. Length of employment has a number of associations: longer serving employees prefer seniority linkages, more recently appointed staff prefer performance linkages; longer serving employees don't like incentives, whilst more recent appointees do; longer serving

like fewer, bigger rewards, more recent appointees like many, smaller rewards; longer serving employees are more sceptical about how much freedom managers should have, more recent employees are less sceptical.

As a whole, demographic factors do not appear to have a substantial impact upon employees' reward preferences. By comparison, there are many more significant associations between employee relationship pattern variables, particularly the nature of their relationship with management, and employees' reward preference variables (appendix eight). The employee-union relationship pattern appears to be less significant than the employee-management relationship pattern in this regard.

For instance, 'union motivation' and 'union friendly' variables appear to have no significant associations with any item in the reward preferences model, and 'union trust' has only one significant association, with 'strategic focus'. Perceptions of union legitimacy, however, do appear to be significantly associated with a number of reward preference variables: lower union legitimacy is associated with a prioritisation of skills, higher union legitimacy with jobs as unit of analysis; lower union legitimacy is associated with prioritising a loose application of rules, higher union legitimacy with a tight application of rules. In the remaining three significant associations there are no obvious patterns in their nature.

The significance of associations between the employee-management relationship pattern and employees' reward preferences is much more widespread, with multiple significant associations against each of the employee-management relationship pattern variables (Table 13). When we consider the relationships between types of reward pattern variables and reward preference variables, the picture does not follow the strategic patterns set out by Gomez-Mejia and Balkin (1992). Table 13 illustrates the broad associations between the two aspects: low or high versions of the employee-management relationship pattern and the associated attitudes regarding the various reward items (items in black). A comparison of the reward stance associated with low or high examples of the relationship pattern (e.g. low or high trust...friendliness...etc.) reveals a more complex pattern of reward preferences to the pattern

presented by Gomez-Mejia and Balkin’s experiential or algorithmic strategies. That is, the attitudes with either a positive or negative relationship with management do not simply map onto either experiential or algorithmic reward preferences.

Table 13. FoodCo: Direction of significant associations between employee-management relationship pattern and employees' reward preferences

Employee-management relationship pattern		
<i>This table indicates those reward items which are significantly associated with aspects of the employee-management relationship pattern</i>		
Basis for pay	Low	High
Unit of analysis	Job	Skill
Criteria for pay increases	Tenure	Performance
Level of performance measurement	Individual	Individual and aggregate
Orientation	Short-term	Long-term
Risk sharing	Low	High
Strategic focus	Division and business unit	Corporate
Equity concern	Internal consistency	Market driven
Reward distribution	Egalitarian	Hierarchical
Type of control	Monitor of behaviours	Monitor of outcomes
Design issues		
Pay market policy	Above market pay	Below market pay
Benefits market policy	Above market benefits	Below market benefits
Incentives in pay mix	Low	High
Total compensation	Low future potential with higher immediate payoff	High future potential with low immediate payoff
Reinforcement schedule	Fewer rewards with low frequency	Multiple rewards with high frequency
Reward emphasis	Pecuniary	Non-monetary
Administrative framework		
Decision making	Centralized pay	Decentralized pay
Pay disclosure	Low	High
Governance structure	Participative	Authoritarian
Nature of pay policies	Flexible	Bureaucratic
Superior dependency	High	Low

Source: employees' questionnaire, questions RP5-RP8, B1-B9, D1-D6, A1-A5

Rather, those preferences exhibit a distinctly employee-centred approach to rewards that requires interpretation from an employee perspective. It is suggested here that a combination of factors concerning: management discretion; evaluation of management competence; and of the value placed on the management relationship by employees provide a tentative hypothesis to explain these associations.

Taking each of these factors in turn then. All of the employee-management relationship pattern variables are positively associated with 'criteria for pay increases'. Those employees with a low relationship pattern to management prefer pay increases based upon tenure rather than performance and vice versa. The explanation for this would presumably be concerned with limiting *management discretion*. Similar issues would be apparent in respect of incentive in pay mix, governance structure and superior dependency. In these instances low relationship patterns are associated with a desire for low incentives, high employee participation, and limitations on line management discretion by higher management, respectively.

A more confusing picture emerges in relation to 'nature of pay policies'. Here a low relationship pattern is associated with greater flexibility in the operation of the reward system. At face value this might appear to be in contradiction to the previous explanation of reducing managerial discretion, although one might also interpret it in relation to the desire for a participatory governance structure - perhaps the facility to keep management in check, which may also be a function of the strength of workforce organisation here.

Other associations might be explained by employees' perceptions of managerial competence. For instance, strategic focus - the appropriate locus of performance measurement - is in a positive relationship with the relationship pattern. High relationship pattern responses are associated with corporate locus, whilst low relationships are associated with a locus at a lower level of the organisation. It may be that employees are required to place greater faith in management's capacity to deliver at corporate level, whilst performance at lower levels in the organisation remains more directly connected to employee activity. Similar issues may be apparent in respect of 'type of control', where low relationships are associated with behavioural indicators of performance, high relationships with outcome-based indicators. One might also, tentatively explain the association between low relationships and low reward frequency and vice versa by a desire to secure one's share of organisational resources in relatively large chunks, rather than in small portions, perhaps reflecting a lack of confidence in management to effectively shepherd those resources.

The third factor at play here may be concerned with the value placed on the relationship by employees. So we see low relationships associated with an emphasis on monetary rewards, high relationships with non-monetary. If the relationship is not valued highly, then non-financial rewards such as praise would have little significance to employees.

The final reward item does not seem to be explained by any of these factors, and there does not appear to be any clear or obvious explanation. Low relationships are associated with a preference for egalitarian distribution. Whilst it would appear relatively unlikely, a possible explanation for this would lie in the greater propensity for workforce cohesion under egalitarian forms of reward distribution. Accepting this explanation would require one to presume some subliminal acknowledgement of this on the part of the workforce, which would then be regarded as an aide to the resistance of managerial discretion, this would not appear to be a likely possibility, although alternative explanations are not apparent.

Chapter 5. PowerCo

5.1. Context

PowerCo is a large, heavy engineering enterprise operating in the energy production industry, established in the 19th Century. The firm has passed through various forms of ownership and is currently operating as part of a multi-national conglomerate with a total workforce numbering hundreds of thousands and now operates as a business unit within a matrix structure. It has over 700 established employees, although the workforce expands on a seasonal basis to around 1,000. The bulk of the established workforce are based on-site, with a minority employed peripatetically to service power stations, it is largely this element of the workforce that experiences seasonal fluctuations in size. This research is predominantly concerned with the on-site employees. Employment is split primarily between professional engineering and production or ‘shop floor’ staff, with a relatively small administrative/management structure.

5.1.1. Labour markets

PowerCo has long been a dominant feature of the local labour market. It has been a major employer for decades; the current workforce is a fraction of its peak figure, although it is growing once more as a reflection of product market conditions in this sector.

The workforce is divided in roughly equal numbers into two main areas: professional engineers - responsible for design, draughting, method and production aspects of the engineering function; and skilled and semi-skilled engineering staff on the works side. A decreasing proportion of the workforce consists of administrative and management employees. Trade unions are recognised for collective bargaining up to management levels, with union density consistently high throughout the organisation.

The nature of the work is specialised, high specification engineering, the core function being, historically, the construction and servicing of power stations, although in recent years the company has pulled out of the construction of entire power stations, concentrating instead upon the servicing of existing facilities. The characteristics of the workforce reflect the nature of the work insofar as it is highly skilled, both on the shop floor and in the design offices. The longevity of the organisation, and the installed stock of power stations constructed by it, renders certain sets of skills rare or even unique.

High levels of long-term unionisation are consistent with the company's status as a dominant feature of the local employment relations environment. High profile union and labour movement personalities, and a history of high profile industrial disputes have long been associated with the organisation. It has gone through peaks and troughs of success, resulting in ongoing employment instability. However, a combination of benign product markets and current structure appears to have provided a platform of stability and even growth. The operations manager explains that being:

part of a very huge concern ... gets the guys here a bit more confidence that they're unlikely to be sold off again ... being part of a big concern, does give them a degree, perhaps of security that they haven't experienced before.

Management believe that recent employment growth, following years of decline has altered the values of the workforce, moving away from the historical, traditional and occasionally conflictual allegiance to the unions (Walton, 1985; Kochan & Osterman, 1994; Ackers & Payne,

1998). They cite the lack of support for industrial action opposing the closure of the final salary pension scheme as evidence of this. The operations manager suggests that:

up until the last three years it's been fairly stagnant in terms of recruitment, and the new blood coming in has been a trickle and it hasn't been enough to change the overall history. But in the last three years a lot of new - I think what we've seen with the ballot that's just gone on is part of that - there's a lot of newer people coming into the organisation who haven't got the legacy which is starting to change the way people think.

This approach appears to mirror Haynes and Allen's (2001) compositional argument. However, there is some scepticism from the union side that the company has, indeed, come to terms with the composition of the workforce, which is perceived as being stubbornly stagnant and ageing. The staff representative describes the composition of his own department, "we've got a young graduate, the next youngest is 49, the next is 54 onwards. There are 12 people in the department and nine of those people are above 54." The union believes that management have been negligent concerning the demographic profile: "you've got to try and wake up senior management, we're going to run into a wall at some point with the age profile" (Staff Representative); and portray them as responsible for the problem:

they're not going to be able to do the work that's out there. They cut back too far when they changed from a manufacturing to a service company, and they decided to cut back half the workforce, but they also cut back geographically - it's less than half the size that it was - and they're stuck for physical space and they're stuck for attracting engineers.
(Staff Representative)

The union tends to cite two causes for the company's perceived lack of attractiveness in the labour market. The first is the level of wages:

they're crying out for electrical fitters, winders are like hen's teeth, you can't get them especially for the generators we do, there's nobody else, you're not going to get the training anywhere else but here. They're sometimes bringing guys over from Poland for a short period of time. Just a few months ago there was an advertisement in for [another engineering firm] and here, and they were both applying for electrical fitters and they were paying £2000 a year more ... than they were here - what chance have we got of getting them here? (Works Representative).

The second reason is the recent history of uncertainty surrounding the organisation. A representative for the administrative staff describes the situation of one member of staff “who was made redundant and he went to ASDA stacking shelves - within three months they realised they wanted that skill back and he refused to come back. He was 52, he said, it's all the redundancies you keep going through - there's no stability.”

Both of these examples suggest the difficulties associated with combining a flexible labour market policy (Nolan and Walsh, 1994; Handel and Gittleman, 2004) in a high skill, high value added context. However, they also indicate that the approach of the unions has not simply been to prioritise the achievement of job security at the expense of securing greater rewards, as Terry (2003) suggests. Rather, there is an articulation of a ‘high road’ to organisational prosperity.

5.1.2. Product markets

In accordance with the idea that product markets have a preeminent influence upon employment relationships (Brown, 1986; Brown, 1993; Brown *et al.*, 1998; Brown, Marginson and Walsh, 2001; Brown, 2008), the impact of PowerCo’s changing position relative to its product markets can be charted. Having operated for many years as an independent organisation, constructing and servicing its own fleet of power stations, the company found itself increasingly squeezed: “the work was becoming less and less and we were becoming a smaller fish in a big pond in term of the world market” (Operations Manager). This decline resulted in ongoing redundancies and lay-offs, and an attritional employment relationship, which was regarded as contributing to the decline:

“The guys were having a pop at the company as much as they could, the company was responding by having a pop at the guys as much as they could. There was no working together, no interest in working together at all. It wouldn't have sustained the need for the competitive edge and it wouldn't have survived” (Operations Manager).

Old attitudes, practices and conditions had been rooted in the security of competitive success. This confluence of market decline and employment relations difficulties came to a head during the 1987 campaign for a 35-hour week across the engineering industry (McKinlay &

McNulty, 1992). PowerCo was one of the targeted companies in a selective campaign. However, the dispute's resolution appears to have provided the opportunity for something of a catharsis and re-birth in the relationship, expressed through the 1989 collective agreement:

I think it was the start, it was just cutting off the downward spiral and both sides taking stock of where they were going and where they could go if they began working together and putting down a new set of rules and a new working arrangement and new working conditions on board (Operations Manager).

This perceived step-change in the attitudes of the parties towards the company and each other has continued following the latest change in ownership and the changed competitive orientation from a turnkey manufacturing operation to a servicing organisation. The Unite FTO, echoing Kelly and Kelly (1991), considers the implications of this change upon the kinds of choices that the workforce have had to consider:

if you don't change you're not employed - we're a service organisation [our work] could be done by Mitsubishi or Westinghouse so they protect the position by saying this is what we're going to do...it's us driving things through and we had to drive through to change peoples' mentality of what they originally were to what they were going to become.

The impact of changing product market conditions and their implications for the employment relationship are clear (Heery, 1993; Knell, 1999; Grimshaw, 2000).

The combination of more positive attitudes, changed ownership and improving market conditions have resulted in healthier commercial outlook for the company:

It's growing at a rate now, the [traditional] business isn't going to increase dramatically because it has a fixed fleet, we're not making power stations anymore, but we are working on other people's equipment ... so we are not confined to working on [our own] plant ... I can remember the days when we were always just looking six months ahead ... But now what we are doing is ... looking five years out (HR Director).

Market factors are moving in favour of energy producers for a variety of reasons:

There's a huge amount going on, partly because the demand for power is increasing and the other part of the agenda is the climate change agenda. If people can improve the efficiency of their plant, they can reduce the emissions they are putting out...of course the catch will always be the economic cycle, because the economic cycle will determine

whether people will pay for the investments that have to be made, so that's the only catch long term...I joined in '97 right at the bottom or going towards the bottom [of the cycle], but it's climbed its way up and it's certainly still going up (HR Director).

This improved market position has provided the company with a platform from which to trade on their long-established and distinctive skills and capacity. The works representative explains, “the job that I do, they weren't going to do any more...they tried to get somebody else to do it, but nobody else will do them, it's the only place that can do them. The job's worth £2m and there's a lot of profit there because they've got everything”. Whilst some of the changes to the company's location in product markets appear to have moved the employment relationship and working practices in a more cooperative direction (Walton, 1985; Kochan & Osterman, 1994; Ackers & Payne, 1998), the new-found health of the company's order book and the longer-term security that it offers them is not lost on the trade unions:

we know the company's made double the profit that they budgeted for last year. We've got a £400m order book that nobody envisaged five years ago and yet they've been giving inflation rises at the very most. We've got a pay claim in and we don't know where the money's been spent because they'll not tell us...all these profits are being shifted back to [the parent company] and they're being distributed amongst senior management here - we suspect substantial bonuses going to senior management here, but when the general workforce finds out they'll not be very happy about it, but they won't reveal it. (Staff representative)

Whilst much of the discussion in the literature has been concerned with the nature of the role of the union in challenging competitive conditions (Deakin *et al.*, 2002; Heery, 2002; Oxenbridge and Brown, 2002), here there appears to be a re-focussing upon more traditional distributive bargaining priorities.

5.1.3. Work technology

PowerCo's historic business was in the construction and servicing of entire power stations. This has changed under its current ownership to become primarily a servicing facility. This function encompasses three distinct strands of activity: firstly, field-based servicing of

existing power stations; secondly, the manufacture of parts for service; finally, the engineering design element for new power stations. The HR Director explains the current set-up:

when this business was bought [they] didn't buy the entire business; it bought the active market business of [the previous owners] at that time, and that's what continued, so it always had a service focus, but when [they] originally took it on at that time it was packaged as manufacturing because we were providing bits for Germany because they were short of capacity, so 50 per cent of the work here back in 97/98 was manufacturing, now its 100% service focus but with the manufacturing capability, a big one.

The organisation and design of work reflects the technology employed. Leaving aside the predominantly off-site activities of the service engineers, the work is largely split between skilled and semi-skilled employees on the works side and the professional engineers on the staff side. The structure of the works workforce has been considerably simplified over the years, now comprising only two distinct pay rates (time-served and non-time-served) where once there were nearer forty distinctions. This is partly due to changes in the nature of the workforce itself - whilst absolute staff numbers have declined substantially, so have the range of trades employed. The Operations Manager explains the impact of this upon the structure of the time-served staff:

Because you've got the business changing the way that it has, a lot of the skills [have] gone, and you have very few actual types of skills as such ... You can have joiners, painters and decorators...all of those have basically gone and you tend to have the time-served machine men and you have time served electrical mechanical fitters.

The combination of skill, length of experience and the nature of the work itself effect the organisation and management of work on the works side:

[we have] an MSE, a Manufacturing Support Engineer, it's a new name for a foreman really and he looks after you. In the department I work in there's only 15-16 of us, and everybody knows their job, so unless you've got a problem, or something happens...you tend to have meetings with your MSEs or you manager and you sort things out...most people in here, by virtue of their age don't need a lot of instruction. (Works representative)

As Dunlop (1983) and Bélanger and Edwards (2007) have observed, the degree of autonomy and cooperation associated with this skill/experience profile has the potential to be reflected within the employment relationship.

On the staff side, the historical, professional status of the jobs retains an influence, despite the proletarianisation (Mandel, 1968), and unionisation of these actual jobs. The organisation of work on this side of the organisation reflected traditionally individualistic characteristics (Neville, 2009). The Unite FTO explains that these staff weren't "always trade union organised, in the past most of the staff were almost fully assessed and paid on their performance ... from a professional point of view the staff are quite used to those traditions ... they want to see it retained, it gives them some professional distinction." These professional traditions appear to be not entirely consistent with trade union traditions amongst the same group:

they tend to work as teams with a senior engineer on projects ... there are arguments with certain managers who want to have something done, and then when they try to think they meant something which they see as being professional and reasonable all of a sudden there's [a collective] agreement put in front of them that they're not aware of and of course a wheel comes off the bogey (Unite FTO).

The Unite FTO also identifies the nature of the work itself as having significance in respect of the incidence of conflict within the relationship (Bélanger & Edwards, 2007). Conflict on the staff side appears to be associated with the management of change:

a lot of managers ... will be highly competent engineers but ... not man-management people. They're project oriented, they know what has to be done so they look at the most logical plan and they put that forward, and then people say 'but there's human beings involved' and that's when you get the conflict with the staff side, more than with the manual side because the manual side tends to be more repetitive work.

On the works side, however, conflicts appear to be concerned with perceptions of justice: "The main issues you get from the shop floor tend to be their immediate supervisors or line managers ... the difficulties come over who gets the overtime, the operation of particular shifts, issues like that."

5.1.4. Response to product market conditions and ownership

The servicing of the established fleet of power stations built by PowerCo remains a significant, though historically diminishing, element of activity. This fleet is installed across the globe, resulting in the field-based servicing activities remaining quite distinct from on-site activities. PowerCo additionally takes work in servicing power stations originally manufactured by the multi-national parent company.

There is an acceptance that the business could not have survived independently; however neither was its future guaranteed as a continuing facility under its new ownership. The HR Director acknowledges that:

We risked closure probably four or five years ago ... the decision was taken do we keep the facility here, what size of facility should it be? Because you could just have a small repair shop and that was one of the options, just to close the whole lot and to have a few machine tools to do bits and pieces, a store room to keep the bits and just have a repair shop essentially with 50 to 100 people ... Fortunately there was a big case made here ... to keep the whole capability, and it proved to be the right decision.

The parent company is a complex conglomerate, and PowerCo sits within a matrix structure with reporting lines to both geographical and industrial sub-divisions. PowerCo has had to adapt to that (Heery, 1997a; Claydon, 1998); the administrative representative comments upon its less endearing qualities by recounting an analogy from a senior executive of the parent group: “imagine [*the company*] is like a great big boat, all these little speedboats are running to it, unloading their profits. As soon as the speedboat fails to reach the big boat we get rid of it.” Whilst illustrating that the change of ownership has not provided PowerCo with guaranteed security, the vast resources of the parent also appear to be the subject of some sleight of hand when it comes to questions of distribution (Oxenbridge & Brown, 2004):

as part of our claim we talked about the massive profits that had been made by [the parent company], which had increased by 50 per cent. But...in reply to us [they] said that the international profits didn't have any bearing on the trading figures or on the rewards in this company. When you ask him if [the parent company] has an influence on what he's got to distribute he says yes. So, do we try and persuade [him], or somebody higher up?

One of the ideas behind being a separate trading company is that you can't get hold of the real power. (Staff representative)

This particularly resonates with Martin *et al.*'s (2003) views concerning the influence of multinational ownership structures.

Despite this, management stress the advantages to both the company and its employees following the takeover:

I think even the most hardened shop steward ... can see the workforce has certainly benefitted under [the parent company] at a faster rate than they did in the past fifteen years. (Operations Manager)

Whilst acknowledging the scale of the difficulties facing the organisation before it was taken over, union officials continue to question whether important competitive issues have been resolved:

I'm concerned over the future of this place. It could actually expand, but at some point there's got to be a demographic wall in the age profile - that's what I'm concerned about. If they had younger people here, they'd be leaving in their droves - it's only because they've got an older workforce that it stays and it gets demoralized. (Staff representative)

5.1.5. Parties to the employment relationship

As part of a very large multi-national conglomerate, the influence and structure of the parent company is potentially important. PowerCo is expected to be individually robust, the owners “are demanding and expect each company to stand alone and therefore if you don't stand alone like any business you don't have future, basically. I think the guys understand that” (Operations Manager). However, it also has to fit in to the requirements of the larger business. This places PowerCo some distance from the centre of decision-making within the wider business (Martin *et al.*, 2003).

However the structure of the parent organisation provides some flexibility for the development of an autonomous employment relations approach:

[The parent company is] becoming more centralized now, but that said, the determination of employee relations policy is pretty much left to the business unit, but

there are certain common platform things, that we are encouraged to have in place, we have a employee relations policy, [The parent company] has an employee relations policy ... But there is no standard model (HR Director)

PowerCo has been one of the local landmark organisations of unionised employment relations and a history of militant union organisation has characterised the relationship. The ongoing stability in the employment relationship, despite various changes in ownership over the years, may lend support to McLoughlin and Gourlay's (1992) assertion that age and size are more relevant variables than ownership.

There appear to be two main sources for the pattern of employment relations here: firstly, demarcation issues that were predicated upon craft based workforce delineations and the prior success of the organisation; secondly, the emplacement of radical and powerful union officials.

Union organisation is split between Unite-Amicus and GMB, although Unite is by far the larger of the two. Union organisation is still strong, despite the misgivings of lay officials. Union density approaches 100 per cent on the staff side and in the works, it is only in the administrative areas that it is much less than this. The unions still have a substantial network of shop stewards, consistent with Charlwood and Terry (2007), although there is an admission from the union side, that their organisation is not the force that it once was, particularly in terms of the numbers of lay officials and their advancing age:

we've been weakened over the years now... We've got an organisation, but there are not a lot of people putting their head's above the wall. Two people do the negotiating... 'X' will go when he's 65...when 'X' goes I've always said that I'd go. So basically we won't have anyone...It's the same on the shop floor, [the representative] is just a year younger than me...So there won't be any organisation. And that might be when they try to override the union...There have been quite a few redundancies and the management selection process has gathered up a lot of the militants (Staff representative).

They are also unsure about their capacity to mobilise the union membership:

it's what people are prepared to do about it, you just think people haven't got the belly for a fight now - if you don't put up a fight you don't get improvements (Staff representative).

I think the workforce realises that we'll not get much improvement unless they're prepared to take industrial action. The problem with this place at the moment is the age profile of the workforce (Staff representative).

The absence of mobilising capacity has been illustrated recently in the rejection of national action over the closure of the final salary pension scheme; however, in a ballot over the latest pay offer “only nine people voted for it, everyone else voted against it” (Administrative representative). The union side has also demonstrated clear capacity to resist management initiatives where they feel that they are contrary to their members’ interests. They describe the introduction of the merit pay scheme: “we negotiated that with the company, it was forced on us actually, but it took about four years for them to force it on us, and they had to modify it substantially to take into account some of our objections” (Staff representative).

Similarly, with respect to a recent flexible working agreement, the staff side have insisted on an annual contract so that if “they don't behave this year we don't sign it next year” (Staff representative). There appears to have been some attempt to open an alternative communication channel by management over this issue, with complaints from some representatives that:

they went above the unions' head and addressed the individual to try and get people to sign up without having the collective agreement, and they got some people to sign up. They issued letters to everybody - but in engineering only one person replied. On the works side, quite a few works personnel signed up (Staff representative).

There is a sense from the union side that whilst the change of ownership may have improved the economics of the organisation, it has also moved the locus of power (Martin *et al.*, 2003; Oxenbridge & Brown, 2004). They “feel remote from where the decisions are made - we felt like that with *[the previous owners]* as well - when we were *[an independent company]* it was a bit more close to home we could have a bit more influence on the directors and that” (Staff representative). The transfer of ownership also appears to have altered perceptions of relative power in favour of the company “they know they're fighting a big company. When we were *[an independent company]* we were fighting ourselves really, whereas now you're fighting this global

organisation, and you know you're going to have a hell of a fight on your hands” (Administrative representative).

The relative success of the company throughout the 1970s, combined with prevailing employee wisdom to push demarcation issues up the union agenda. The Operations Manager suggests “there was a genuine belief in the trade unions that the more demarcation issues you could raise the more employment that would produce”. Whilst this undermined the organisation’s cost structure, the competitive context that it was operating within provided some insulation against having to deal with the issue immediately:

we were expanding at a rate of knots - so demarcation didn't matter because the company basically was taking on so much work. If they needed twenty guys they got twenty guy if they needed thirty, forty, so what, just bring them in. It's only when things became more difficult and money wasn't been thrown at the company that perhaps you stop and face well should we be dealing with these demarcation issues (Operations Manager).

The activity of the union in extracting additional employment levels through the effective exploitation of demarcation arrangements only began to change following the 1989 agreement: “There's little doubt about that. There's a realisation now since the turn of that downward spiral since the 1989-1990 onwards there's a real belief where the unions will see that unless the company succeeds, they haven't got a job” (Operations Manager).

Union attitudes towards various substantive issues altered around this period. The Unite full-time official suggests that “there was also then a different change in attitude from our side, looking at do we go for traditional wages, or do we go for something a bit different, and things did actually change.” The 1989 agreement also appears to represent something of a watershed in terms of the unions’ orientation to conflict “it was quite exhausting; you achieve the objectives and then you have to settle down, and then in the interim period between major confrontation, although we have had bits of skirmishes, we've never had a major battle over pay - it's always got to the point where resolution could be found”.

5.2. Ideology

5.2.1. Union values

There is a long history of union organisation here, and union officials have often been substantial figures in the wider labour movement. Throughout much of the 70s and 80s the union leadership was much influenced by Marxist theory and practice (Charlton, 2009; Neville, 2009). Much of that tradition is now gone, only one member of the union negotiating committee remains from what management describe as “that band”. That particular union official’s frame of reference (Budd and Bhawe, 2008) is traditionally Marxist:

over the years we've worked mainly on the premise that although there are some areas where we have common interests with the company – like the retention of jobs, expanding the company, keeping the business going, having a healthy, profitable company...Ultimately there is not just a divergence of interests but conflict of interests mainly because senior management are representative of the shareholders who want to maximise profit as much as possible, even at the expense of the workforce, which has been demonstrated over the years with redundancies and holding back on salaries etc. The interests of the workers’ representatives in the form of shop stewards and negotiators are to maximise the benefit they can get from their employment. So basically there will be a conflict because the two attitudes just don't go together and will conflict. Usually we try to avoid getting involved in industrial action, but there comes a time when it's probably inevitable. (Staff representative)

He continues, in respect of his trust for management (Heneman, 1997, Dietz, 2004):

we know what their motives are, and that's why we don't trust them. They're motivated by profit and if they can get away with the least payment to the workforce that they can then they will. (Staff representative)

there is quite a bit of distrust from my own personal opinion over the years in that senior management - their careers are based on performance, in getting the maximum out of the workforce. Although on an individual basis they probably feel that they are doing the best for people in general on a material basis their main interest drives them to use devious methods so they conceal things from us and that's the kind of thing that we've had to do this year (Staff representative)

The Unite FTO presents an alternative view of the politics of the union organisation on the staff side:

one of the interesting things is that the staff... something which TASS had was that they very rarely took industrial action, they don't see themselves as the kind of people who would pursue industrial action, but TASS generated the view to the media, and Ken Gill was the General Secretary, that it was a very militant organisation that would fight everybody. It probably had the most left wing executive but it was the most conservative membership group, and that's exactly what happens [here] - a left wing organisation directing things, but a large body of people who will do absolutely nothing.

Other union representatives tend to represent a more pluralist frame of reference (Budd and Bhawe, 2008), the Unite FTO admits that:

We still have lads who are of the left but they tend to be confined to the staff side ... it tends to be a different political concept on the staff side than on the manual side...Shop floor is traditional highly skilled engineering worker who take up the position that the politics of work is not really meaning a great deal unless its about keeping the company open, about getting more work. If it's an issue of being able to politically assist and direct things then they would go forward with management to do that with their local management - they trust them at arms length, but they have a respect for them so they would probably be more willing to operate in a more pragmatic fashion.

Despite the predominance of a single union, Unite, there are discernible distinctions that exist between the staff-side and the works side of that union. Partly this is a reflection of these political differences, partly a reflection of the differences that marked Unite's predecessor unions (particularly TASS, AEU, and EETPU) that have ultimately formed Unite. The balance of influence between the various union groupings appears to lie on the staff side, although this is not a function of numerical dominance. Whatever its genesis might have been, it is maintained in the continuation of separate bargaining structures and separate collective agreements. The Unite FTO explains the resistance to single-table bargaining:

They have got a number of good agreements that only affect staff, and they believe that if they were in a single-table environment the employer would come along and say 'there's some more money I want to buy out these conditions'. They'd lose them, but the majority would gain something - so they don't want to give anything up. So I said, 'we'll draw up an agreement that says whatever you have you hold, and if you don't want to talk about an issue you don't have to talk about an issue', but they still won't have that because the internal politics would be that the traditional engineering staff would basically dominate

the staff and the leadership position would disappear and it would become the leadership position of the shop floor. So...their way of looking at things would diminish...I've tried to make them absorb into the other group, but they have a distinct dislike of me.

Table 14. PowerCo: Bargainers' professed and perceived relationship patterns

Respondents were asked to express their agreement with a range of statements concerning their relationship with other parties to the employment relationship. Responses are presented as points upon Walton and McKersie's (1965) relationship pattern indices.					
Attitudinal dimensions	Conflict	Containment-aggression	Accommodation	Cooperation	Collusion
Motivational orientation and action tendencies towards the other	Competitive tendencies to destroy or weaken		Individualistic policy of hands off	Co-operative tendencies to assist or preserve	
Beliefs about legitimacy of other	Denial of legitimacy	Grudging acknowledgement	Acceptance of status quo	Complete legitimacy	Not applicable
Level of trust in conducting affairs	Extreme distrust	Distrust	Limited trust	Extended trust	Trust based on mutual blackmail potential
Degree of friendliness	Hate	Antagonism	Neutralism-courteousness	Friendliness	Intimacy - 'Sweetheart relationship'
Expressed attitudes towards other side					
	RS Staff Rep	RA Admin Rep	RW Works Rep	F FTO	M Manager
Perceptions of other side's attitudes towards them					
	RS Staff Rep	RA Admin Rep	RW Works Rep	F FTO	M Manager
Net mean attitudes					
	RS -1	RA 0	RW 0.25	F 0	M 0.25

Source: bargainers' questionnaire questions RP1 - RP8

The attitudes of the bargainers towards each other can also be illustrated using Walton and McKersie's (1965) attitudinal components framework, characterising motivational, legitimacy, trust and friendliness (Bacon and Blyton, 2007) dimensions, as set out in Table 14.

The Marxist perspective of the staff side representative is evident in the predominance of conflict-containment-aggression pattern responses, supporting Walton and McKersie's (1965) and Budd and Bhavé's (2008) consideration of the influence of social belief and theory upon ideology. The other union officials' responses tend towards the accommodation pattern, which is also the predominant pattern overall. There are two examples of cooperation expressed in respect of motivational orientation on the part of the Unite FTO and the works representative, reflecting the statements made by the FTO in respect of the pragmatism and cooperation of the

shop floor. There are also two examples of limited beliefs in the legitimacy of management that appear to be linked to the ongoing transfers of ownership:

they had come to the end, [the previous owners] had sucked the guts out of the company and left [the company] as a shell so they disliked the British and then had the Germans coming along who were then taken them to a higher level and sucking away the intelligence from the company - that was the resistance, not being little Englanders. (Unite FTO)

Notwithstanding the obvious dominance of the accommodation pattern, interpretation of the union relationship patterns is complex. One approach would be to regard the pattern as accommodation with some evidence of cooperation (such responses account for 75 per cent of the total). One could also interpret it as accommodation with substantial instances of conflict-containment-aggression (such responses account for 87 per cent of the total). This interpretation would not simply rest on a mathematical dominance, but also take into account the leadership role of the staff side representative. However, the former interpretation would be more consistent with the nature of the indices themselves. For example, the trust and friendliness dimensions of the accommodation and cooperation patterns respectively differ only in *extent*, whereas they differ in *nature* between the accommodation and containment-aggression patterns. It might also be suggested that whilst the staff side representative's consistency in responses at, or to the left of the accommodation pattern lends substantial numerical weight to the overall responses in these areas, they also illustrate his relative isolation in this regard. For these reasons, the unions' attitudes towards management will be interpreted by the accommodation pattern, with some evidence of cooperation.

Bargainers' perceptions about the other side's attitudes towards them are also set out in Table 14. The patterns here are more straightforward, with a smaller spread of attitudes. Once again the dominant pattern is accommodation, however in this case none of the union officials believes that management has any more positive orientations towards the union than accommodation. In fact, there is a consensus that management demonstrate competitive tendencies to weaken the union and a near consensus concerning grudging acknowledgement of

union legitimacy. It is plausible that these perceptions may reflect management's recent attempt to outflank the union over the flexible working agreement.

5.2.2. Management values

The management side incorporates an HR function, which undertakes relatively sophisticated activities. The management side of the employment relationship is primarily the province of the HR Director and the Operations Manager, who has been closely involved with ER issues here for more than twenty years.

There is a legacy, perhaps simply a mind-set, which places a milestone on the 1989 agreement as something that represents a very clear 'before' and 'after'. The old, traditional management style is held to be at least partially responsible for the conflictual nature of employment relations and the form of trade unionism that accompanied it. Things are now regarded as different from the past:

to a large extent, the style of management, how the company operates, the openness, very much people oriented, I think even the most hardened shop steward has mellowed to some extent and recognises that. (Operations Manager)

Whilst the fundamental, unionised structures of the employment relationship remain, the tone in which it is conducted are regarded as utterly changed, "It's an immovable thing in people's minds that will never change. But the way we conduct business now is out of sight different to the way it was conducted even ten years ago, never mind twenty. But there are still traditional allegiances." (HR Director) The stability of the pluralist frame of reference (Budd and Bhawe, 2008) expressed here and its coincidence with the majority of the union side values is pertinent to Dunlop's (1983) identification of shared ideology underpinning stable employment relationships.

The current owners are also credited with a change in approach by the Operations manager, who thinks that they "have led the way by example; they've opened up levels of communication that we've never seen before." Despite this improved climate, there is a sense of loss over the capacity and commitment of the union officials that management are now dealing with:

the union side [are] less able to do it, less equipped to do it ... and I think it's also fair to say that there isn't the willingness on the shop floor to take part in union activities, where at one time you would have had a waiting list for shop stewards, now you really do struggle to get shop stewards. (Operations Manager)

Indeed, certain union officials who were viewed in a more positive light by management have now departed, one previous Unite convenor in particular was seen as “one of the few ... internal trade union officials, who had a business head as well as a commitment to his own members” (Operations Manager). In light of this, Dietz’ (2004) identification of competence as a pre-requisite to trust may be relevant here.

The autonomy of the way in which employment relations is conducted in PowerCo, is stressed once more, although there is an acknowledgement that certain values are derived from the parent company (Martin *et al.*, 2003):

this business is heavily unionised but you will find other businesses in [the parent company] where there are no unions whatsoever I would certainly say [the parent company] encourages dialogue with its employees, it doesn't necessarily encourage trade unions, it doesn't discourage trade unions either, so where we have them, our intent is to work very closely with them for the mutual interest of us all, and not to try to be conflictual. (HR Director)

Management also express a sense in which the conflicts of the past are beginning to be consigned to the past. For instance, reflecting upon the extent to which the radicalism of the union leadership had a wider resonance amongst the workforce, they suggest that the insensitivity of previous management practices provided radicalism with fertile ground, this reflects both Kelly’s (1998) mobilisation theory, and Dietz’ (2004) ideas that trust is influenced by an evaluation of the other’s behaviour and benevolence. However, the ultimate legitimacy of these perceptions is questioned:

because of the fact that the guys on the shop floor will see the company not caring very much about the individual and the individual as part of a combined union very much followed the union 'party' line. The unions at that time were very left wing dominated, and although they would say that 'we are just fulfilling the members' wishes' but they, to a large extent, determined what those wishes were (Operations Manager).

Indeed, this draws attention to Dietz' (2004) and Atkinson's (2007) considerations that trust grows within reciprocal interactions between the parties.

Following the perceived, fundamental changes in approach in response to the 1989 agreement and the transfer to the current ownership, the previously conflictual instinct of the union membership is regarded to have changed and the employment relations climate is regarded as improving:

they might not always agree but ... there's an understanding of what the company's trying to do from the unions ... where prior to there wasn't. If you said 'that paper's white' the union would be looking to see 'there's got to be some black on it somewhere' ... there's always the suspicion, there always will be, but nothing like what it was then, there's a much more working together attitude. (Operations Manager).

ten years ago when I came here it was much more towards the open warfare, [now it is] probably halfway between truce and peace. We still have the traditional feelings of us and them (HR Director)

It is a generational thing, there's a new group...what you've had in a business like this, up until the last three years it's been fairly stagnant in terms of recruitment, and the new blood coming in has been a trickle and it hasn't been enough to change the overall history. But in the last three years a lot of new people coming into the organisation who haven't got the legacy which is starting to change the way people think (HR Director)

However, there is a perception from the union side that positive engagement with the unions from management is limited, and that this may be influenced by the attitudes of the parent company's UK division. The staff representative suggests that they would:

prefer that unions weren't involved, I've had talks with [Director of Corporate Personnel] on the pensions issue, he's very reluctant to have negotiations with unions. I think it's mainly because [the UK Division] is a number of different companies come together and most of them are from areas that are non-unionised. In the smattering of companies where they are unionised ... he won't formalise the position. That expression filters down to the likes of [the HR Director here].

It may be the case that this suspicion of the parent company is rooted in unfamiliarity (Dietz, 2004), although whether or not this is the case remains to be seen.

The attitude of management towards the unions can also be characterised using Walton and McKersie's (1965) attitudinal components framework. The results are set out in Table 14. Management's expressed attitudes towards the unions are predominantly characterised by the accommodation pattern. This is also true of management's perception about the unions' beliefs towards management. However, similarly to the union attitudes, we see a more negative assumption about the perceived attitudes of the other side compared to those that are expressed by management. So, management's attitude to the unions is accommodation with one instance of cooperation; whilst their perception of the union towards management is accommodation with one instance of containment-aggression.

It is interesting that, with the exception of the union staff representative's attitudes, union attitudes towards management are remarkably similar to management attitudes towards the unions. In both cases the most positive beliefs appear around the motivational dimension, that is, concerned with behaviour rather than simple belief, and tending to reflect a desire to behave in ways that assist or preserve the position of the other side. Comparing the parties' particular perceptions of each others' attitudes, whilst the dominant pattern for each is accommodation, the more negative aspects differ between them. From the union side, as we have seen, their concerns are about the extent to which they believe management are motivated towards them, and about how legitimately they are regarded by management. From management's perspective, their concern is with the extent to which they believe that they are trusted by the unions.

5.3. Process

5.3.1. Regulation

Important aspects of the formal interactions between management and union are characterised by distributive bargaining (Walton and McKersie, 1965). There are indications of integrative behaviours (Walton and McKersie, 1965, Dyer *et al.*, 1977, Cutcher-Gershenfeld *et al.*, 1998) around a number of issues, although these tend to be handled individually, and driven by management (Eaton and Voos, 1989, Brown *et al.*, 1998, Charlwood and Terry, 2007). There

are apparent limits to the scope of issues that would be open to this approach, although this may be subject to managerial perceptions of capacity of the employee side.

Both sides take the autonomy of the local employment relationship seriously, as such management and unions endeavour to handle their own issues internally (Brown, Marginson & Walsh, 1995; Brown & Nash, 2008), without recourse to 'external' organisations.

It's the local guys, the guys here there's a strong pride of the local shop stewards to deal with their own matters. They see it, as we do, as a failure if we involve the regional officers. (HR Director)

last year we got into failure to agree and what have you, but eight out of ten times we've concluded pay deals in the last ten years it's been done locally without any recourse to the regional officers. (HR Director)

And similarly from our side, the company would have gone to the EEF, we haven't used them...we are part of the EEF, we actively participate in various things...but we don't involve them at all in any of the employee relations on site. That's a matter between us and our employees and our trade unions and we should be able to deal with that ourselves, and if we can't it's a bloody failure. (HR Director)

I think both sides respect that viewpoint. They're not very keen on bringing their outside officials in, which they have to do if they register failure to agree ... if we can't sort it do you really expect outside people who don't know the business to sort it. (Operations Manager)

The collective agreements reflect a similar desire for local autonomy. Only the field-based staff are covered by a national agreement for terms and conditions, all other pay bargaining is covered by local collective agreements (Brown and Nash, 2008).

The nature of bargaining at this company is influenced by its long history and reflects key moments in the development of its employment relations culture. The form of bargaining that emerges is often distributive (Walton and McKersie, 1965), but also occasionally exhibits integrative or interest-based elements (Cutcher-Gershenfeld, 2003). These elements do not appear to overcome the predominantly distributive form, nor do they clearly reflect either Walton and McKersie's (1965) or Fells (1998) accounts of mixed bargaining.

From 1978 onwards, the diminution of status differentials between the works and staff sides of the company has been an important aim, particularly for the old AEU organisation. This was also, interestingly, a move in the opposite direction to the broad trends noted during and after this period in a number of studies (Brown *et al.*, 1995; Metcalf *et al.*, 2001; Blanchflower, Bryson & Forth, 2007). In 1978 pension rights for works employees were achieved, followed by the end of clocking on and the introduction of a sick pay scheme for works side employees. The company also changed from a two-shift to a three-shift system. Those negotiations were protracted, largely due to opposition to the change from the workforce, rather than from the union.

The former convenor claims that, once achieved, with generous shift allowances, the change was very popular. He also describes these achievements as staging posts on the journey to the achievement of the shorter working week, and that they established an understanding amongst the workforce that change was coming. As previously mentioned, the company was selected by the Confederation of Shipbuilding and Engineering Unions (CSEU) as one of a small group of companies to be targeted as the spearhead of the campaign to achieve a 35-hour working week in the engineering industry (McKinlay & McNulty, 1992). The company's finances were under considerable strain at that time, whilst the union organisation was strong and had achieved significant support amongst the workforce for the objectives of the campaign, backed by a large strike fund established by national levy. The Unite FTO explains that they had:

tackled it when it was economically difficult to pursue the argument because of the problems in manufacturing, so we still went ahead even though quite a few of us thought that it probably wasn't tactically the correct kind of move but because the emphasis was there for it we went ahead with the campaign. We generated the support for that and [the company] was one of the first to actually become geared up to take the action ... we had the troops with us.

These conditions brought the company to the negotiating table, despite considerable pressure upon them to the contrary by their employers' organisation (EEF). The former convenor describes the opening of the negotiations in which the Managing Director "asked me, 'are you

prepared to negotiate to change the face of the company?’ to which I replied ‘yes, if it means a change in culture’, by which I meant getting rid of the divide between white and blue collar”. The economic circumstances of the organisation at that time made clear that direct concessions over the working week by the organisation, even in the face of strong union organisation, was not on the cards, nor in the mind of the former convenor ultimately desirable. Instead, in ways which are redolent of the early stages of interest based bargaining (Cutcher-Gershenfeld, 2003), the workforce’s broad interests for a shorter working week were set alongside the company’s interests for flexibility and productivity increases. The results of these negotiations were in significant reductions in working hours, paid for with phased concessions over flexibility – particularly concerning multi-machine manning and the removal of various demarcation practices, which would have been “unthinkable in the late 70s” according to the former convenor. The deal was struck on guarantees of 7 per cent productivity increases, which were surpassed in practice with increases of 13 per cent.

Despite the initial identification of broad interests, rather than specific claims, however, the process of bargaining itself appears to have retained traditional distributive forms (Walton & McKersie, 1965). “There was no difference in style, but we were both ready for massive change, we were also aware of the massive importance of the deal; so I had a direct line to the union President and to the Confed., the MD had a line to the lawyers and the EEF” (Former convenor).

It is possible to see reflections of this particular bargaining mix in recent agreements, the flexible working agreement, for instance. Here again, the company’s interests in enhancing flexibility and assisting the transition from a turnkey manufacturing facility to a servicing facility, were established as a broad bargaining objective and recognised as such by the union:

We got some reward from it, protection from it as well but a longer-term future - because it was effectively sold back to [the parent company] as the British are compliant ... having someone picking up the phone and saying, we've got a problem, we need such and such to come down (Unite FTO)

Possibilities for integrative outcomes were, however, diluted by resistance from the staff side:

It took a lot longer to get it with the staff ... because they weren't prepared to have the concept of 24:7 ... they were saying, 'no we're going to maintain our position, even with the safeguards' so it took eighteen months longer to get the same concept put into the staff side - that was the resistance. (Unite FTO)

It would be inaccurate to portray the management, the union FTO and works representative being comprehensively stymied in their efforts to achieve cooperative employment relations by a Marxist bogeyman on the staff side. Indeed, the union staff representative reflects upon the introduction of the flexibility agreement as an example of “sort of joint problem solving”. The scope for further movement towards integrative forms of bargaining also appears to have been blocked by a lack of desire from the management side. Whilst the Operations Manager describes the ten years following the 1989 agreement as a period of substantial creativity in collective bargaining over issues of work re-organisation, he also suggests that “now, we’ve got where we want to – on both sides”. This leaves collective bargaining opportunities limited in scope to the general pay review; an inherently distributive subject (Walton & McKersie, 1965).

The predominant approach to collective bargaining from all parties is distributive in nature. Various parties describe this distributive approach taken towards pay bargaining:

it's just a question of talking about the profits that the organisation makes as a whole and that we want some more of it, because we produced it and we haven't got any embarrassment about saying that - we want a reward, so basically put the argument that we want more cash. (Unite FTO)

So they'll say we've made such and such profit ... this company or the other company has done such and such - we'll average it, give them 4% each. So you're sat there and we'll say to them we'd like something else so they'll look around to get something. Until recently one of the disparities was other parts of [the parent company] had two extra days holiday so they were put in the pot, but once you can't get any more holidays you're back in the position of wanting more money. (Unite FTO)

There is also evidence of joint problem-solving and upward communication, both collective and individual, the scope of which ranges from employment to production related

matters. Some of this might be characterised as cooperative/partnership type employment relations, whilst others reflect an HR approach:

we share a whole raft of communications which involves the trades unions where all the business information is shared with all our employees. We have a communication meeting each month, we meet with our Managers and the Union is invited to that meeting to share the same information that the Managers hear (HR Director).

This represents a relatively new way of working for PowerCo which reflects something of a dual-channel approach (Charlwood & Terry, 2007), particularly in respect of the division of integrative and distributive issues between non-union and union channels. This might also be seen as further evidence of the impact of the change in ownership. This is characterized as “openness and good communication” rather than “a negotiating” position. As a collective form of joint problem solving it would appear to be similar to integrative bargaining (Walton and McKersie, 1965) or indeed a mechanism for the capture of employee innovations (Kochan and Osterman, 1994), indeed the Unite FTO comments that:

they do listen to reports, how things are presented and how things can be affected, so they do actually cooperate quite freely on that ... there's more professional cooperation presented from management than there's been for many, many years - it was quite confrontational - that's changed because the nature of business has changed. When they have their meetings there may be the argument about how much bonus are we going to get, or how did that happen, there'll be the tit for tat stuff but I think they tend to cooperate with each other because they've been seen as of value to both parties ... The consultative body tends to be more at the level of here's the information, what do you think, how can we get round the issues? So there is the potential for input to move things forward but they tend to be consultative meetings.

However, the limits to this communication are also drawn in a way that distinguishes what is done in this UK business unit from the kind of *Mitbestimmung* approach that characterize activities in the parent company's home country operations: “there is no co-determination in the sense of joint decision making so we haven't got that nor would we seek it, but we do encourage working together to find common solutions on lots of different issues” (HR Director). If anything, the approach here represents an opening up of the scope of issues available for

consultation (Brown and Nash (2008) rather than an extension of the bargaining agenda. Similarly, European level involvement processes are seen as quite distinct from those issues that are of relevance to the local employment relationship, “that body sits at a level where it wouldn't have an impact on the local level here” (HR Director). The extent to which the union agrees with the HR Director’s description of ‘finding common solutions to common problems’ appears quite pragmatic at one level:

So people are chatting and they can cooperate with each other because they can see there's a future here. So, if we're going to be swamped with work and we need to take on another 100 people it's like 'if you can find people I'll give you £50', and that's how they're operating. I think there's a lot more cooperation on those issues. (Unite FTO)

There is, though, scepticism from the union to the extent to which management are committed to a meaningful engagement with them concerning reform to working practices and terms and conditions of employment. The union claim that the reward and recognition (merit pay) scheme was forced on them exemplifies this:

They said it was going to be open to everyone, above board and everyone would know about it but they refuse to publish the names - and they'd agreed to publish the names ... There were ten months of negotiations and a lot of the meetings went through the process of appeals and awarding points and publishing names ... well we rode with that the first year and then they started to dilute it. They wanted to publish the R&R without points, and people were going in and saying 'he's got 50 points and I've got 48, why's that'. And we were saying that's part of the process, and over the years it's been diluted and diluted and now there's no meetings, there's no points awarded they just say right, you get a letter one day saying you've been awarded R&R. So there's a lot of distrust over that ... There was a committee set up to monitor it overall but it hasn't functioned for the past three years. (Staff representative)

Openness towards the union is mirrored by a perceived change in individual employee attitudes towards dealing with issues that might once have been regarded as ‘management’s problem’ there is an apparent desire for employees to take direct control of issues concerning their own work (Freeman & Rogers, 1999):

you'll see a bigger partnership now with regard to the shop floor situations than what you had before. If you go back 20 years ago and you said to the guy on the shop floor "we've got a problem with this component, how are we going to put this process right" it would be "up you Jack you're the boss just tell me what you want me to do", now they will very much "we've got a problem how we going to sort that out". Problem solving they are very, very interested in and they will actually take part...now instead of saying "here you are, get on with it" a manager will go into the guys and discuss what is the best solution. And the guys themselves will help decide, will make that decision about what is the most appropriate. (Operations Manager)

This is reflected in the perception of the Unite FTO:

things tend to be reactive more than proactive so once you're aware of what's going on you tend to find that the conservative element in people's thinking is that 'if we get this work, how are we going to organise holidays for people? how are we going to organise the shifts, are more people going to be asked to come in and do 24:7 cover, what's the reaction from the workforce going to be on that?' So there is the protective element that comes to the fore in the main, but once you're aware of what the programme could entail people then start to ask how are we going to do that and is this the best way of doing that or utilising these machines. You tend to find that in the little production cells - like team leader sessions - what tends to happen is that people get involved in the exchange - how do we actually do it? So, on manuals, we can cooperate on that one, we can move on that, leave that machine idle, that machine needs to be repaired, we need to do this.

However, there are limits to involvement and problem solving. Whilst celebrating the fact that “there's many an issue that's done like that at a local level” (HR Director), the issues that are dealt with in these ways appear to be limited to either direct, task-centred forms (HRM-type) or mid-level representative forms (traditional ER-type) (Salamon, 2000).

Whilst the form of involvement might suggest either enlightened HR or cooperative ER, they do not extend to higher-level decisions (Kochan & Osterman, 1994; Roche, 2009): “the big business issues are not, they're a million miles away” (HR Director). It is interesting, though, that whilst these issues might be presented as ‘a million miles away’ from joint problem solving; the door is not closed upon them. Management make the point that the union “don't have an appetite to get there” (Eaton & Voos, 1989), however, reflecting earlier discussion about the changes in union leadership personnel, they also indicate that:

their own ability to do that is restricted. Now, partly that is because of the capability of the shop steward to do that now, I think is a lot less than it was, the people who had a passion to do it and the brain to do it are no longer here. [X], who was the convenor here for many years, was exceptionally good, you could talk to him and talk about trying to mitigate about something like a redundancy before it happened, you could talk to him confidentially look at ways to mitigate, wait, do other things ... if they had more of an appetite there might be more of a will on our part to..." (HR Director).

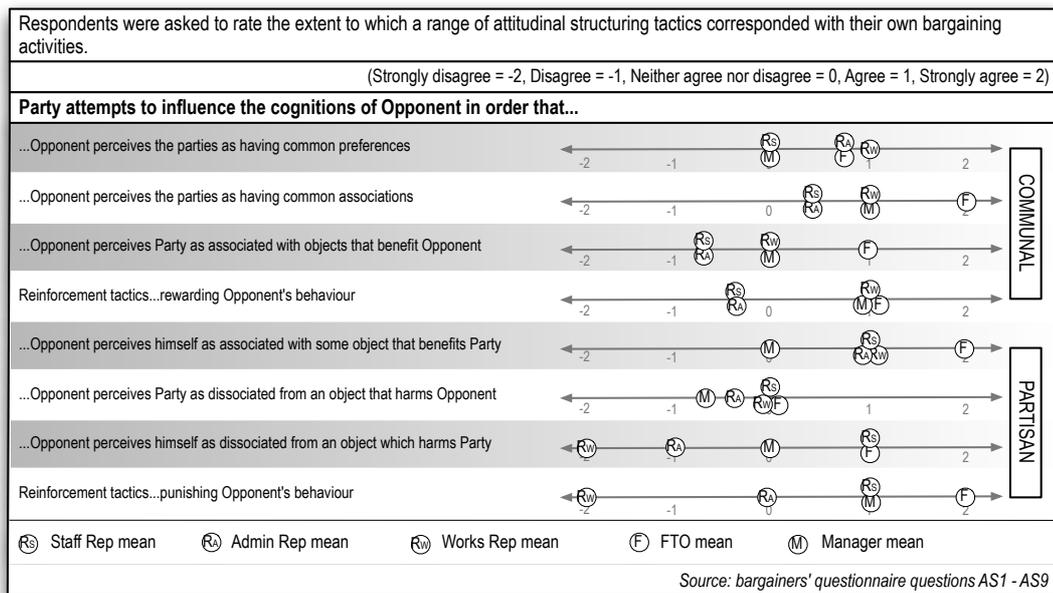
Indeed, the question of the willingness and capacity of employee representatives to engage with decision-making at higher levels is raised directly, "you've got people who have a more narrow focus, more like short-termism so a long way short of what you would ever describe as partnership" (HR Director).

5.3.2. Attitudinal Structuring

The employment relationship here is mature and involves settled personalities. There is a shared history of joint success and failure, cooperation and conflict. Much of the history of the employment relationship appears to hinge around a shift in the way in which company and workforce regarded each other. The operations manager makes the point that the downward spiral in the employment relations climate in the 1970s and 1980s was rooted in mutual disregard and disrespect "the guys on the shop floor will see the company not caring very much about the individual and the individual ... followed the union 'party' line". Changes in the nature of the employment relationship were also marked by perceived changes in status, particularly the extension of the sick pay scheme and the pension scheme to shop floor staff to and the ending of clocking on and off. From the management's point of view the employment relations climate was characterised and defined by a tit for tat process whereby perceived, relentless slights were paid back in kind by demarcation disputes, indiscipline and inter-union conflicts rooted in the perceptions of the shop floor staff as second class citizens.

The 1989 agreement was significant, not simply because of the substantive changes to working time and flexibility, but because it represented a change in the culture of the organisation – indeed, the opening statement of that negotiation is reported as being "are you prepared to negotiate to change the face of the company?" (Previous Convenor)

Table 15. PowerCo: Managing the other side in the relationship



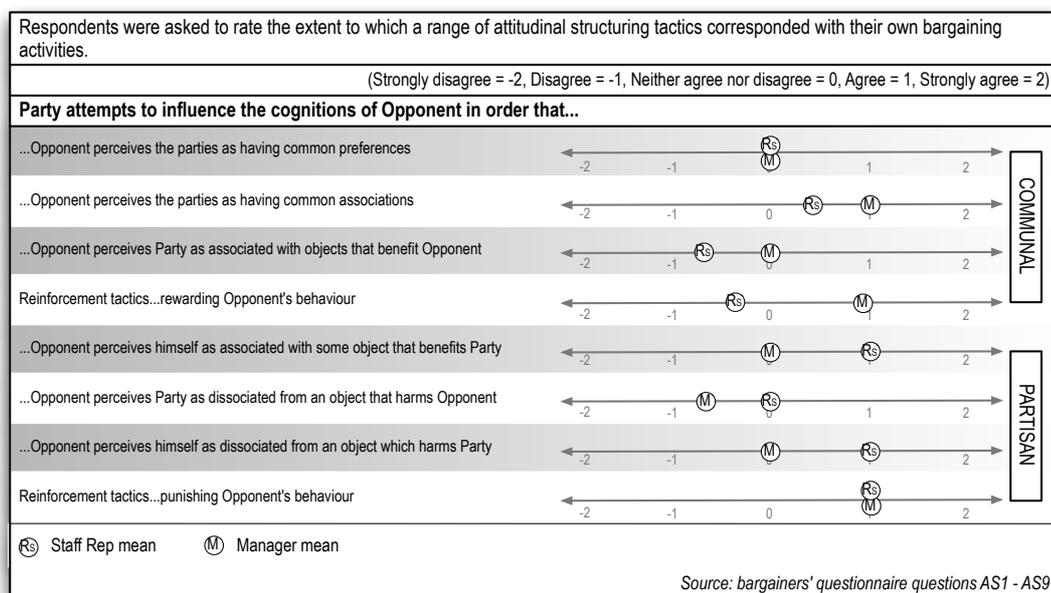
Attitudinal structuring behaviours can be represented as defined by Walton and McKersie (1965), illustrated in Table 15. As discussed in chapter three, Walton and McKersie identified a variety of strategies and associated tactics. Data was gathered from bargainers to identify the extent to which they would associate their own bargaining behaviour with those tactics. These are represented in Table 15. The various strategies and tactics can be distinguished between those that tend to emphasise the pursuit of common interests, and those that emphasise particular interests and are respectively characterised as ‘communal’ or ‘partisan’.

Overall, the management bargainer makes use of fewer attitudinal structuring activities than his union counterparts; the management bargainer indicates approval of eleven of the twenty-one tactics presented, whilst the average union response was around fifteen. Approval across all bargainers is more readily given for communal strategies than for partisan ones; the communal mean being 0.51, whilst the partisan mean being 0.25.

There is an argument to consider these aspects of the employment relationship without reference to the FTO, who is only involved in the event of a failure to agree - a relatively rare occurrence in recent years. In the absence of the FTO's preferences we can see two things: firstly, the extent of attitudinal activities is evenly distributed between management and union

bargainers (eleven vs. eleven); secondly, the communal-partisan distinction becomes a little more clearly in favour of communal strategies (0.33 vs. 0). These may reflect the relatively catholic taste of the FTO for attitudinal structuring tactics, with approval registered for eighteen of the twenty-one AS tactics. The FTO's mean preferences also indicate ambivalence between communal and partisan practices. This may reflect the range of employment relationships with which he engages with requirements for different approaches to bargaining depending upon the various circumstances. The other bargainers, however, are exclusively located within PowerCo's particular employment relationship.

Table 16. PowerCo: Managing the other side in the relationship - Manager and Staff Representative

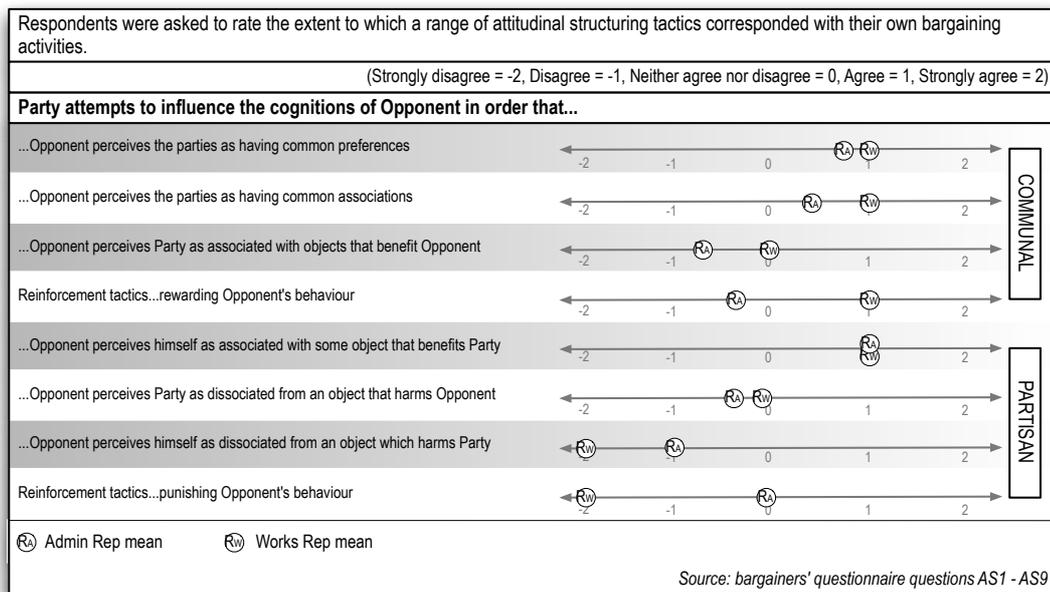


Removing the FTO from consideration reveals two patterns of attitudinal structuring approaches. Table 16 highlights divisions between the management bargainer and the staff representative with contrasting approaches. On the management side, preferences are for communal rather than partisan practices, whilst the staff representative is disapproving of communal practices whilst endorsing partisan approaches. Management prioritises the encouragement of a sense of common interests (associations), along with rewarding and punishing the other side. Least emphasis is placed upon managing perceptions that they have harmed the union. From the staff representative's perspective, the most important AS strategies

are all located in the partisan category: punishing the other side; and the two strategies that attempt to line up the other side with his own interests. Least important are rewarding activities and those to increase perceptions that he acts to benefit the company. Interestingly, though, in spite of ideological statements to the contrary, the staff representative appears to place some emphasis upon pursuing a sense of common interests (associations).

Table 17 indicates broad similarities in approach between the works and administrative representatives approaches. These bargainers approve of communal strategies and disapprove of partisan approaches. Between these two bargainers the most emphasis is in communal strategies: perceptions of common preferences and common interests (associations); and, for the works representative, rewarding. The only partisan practice that receives approval is to attempt to line up the company in respect of perceptions of issues that benefit the union.

Table 17. PowerCo: Managing the other side in the relationship - Works and Administrative Representatives



As a whole, we can characterise the AS activities here as predominantly communal.

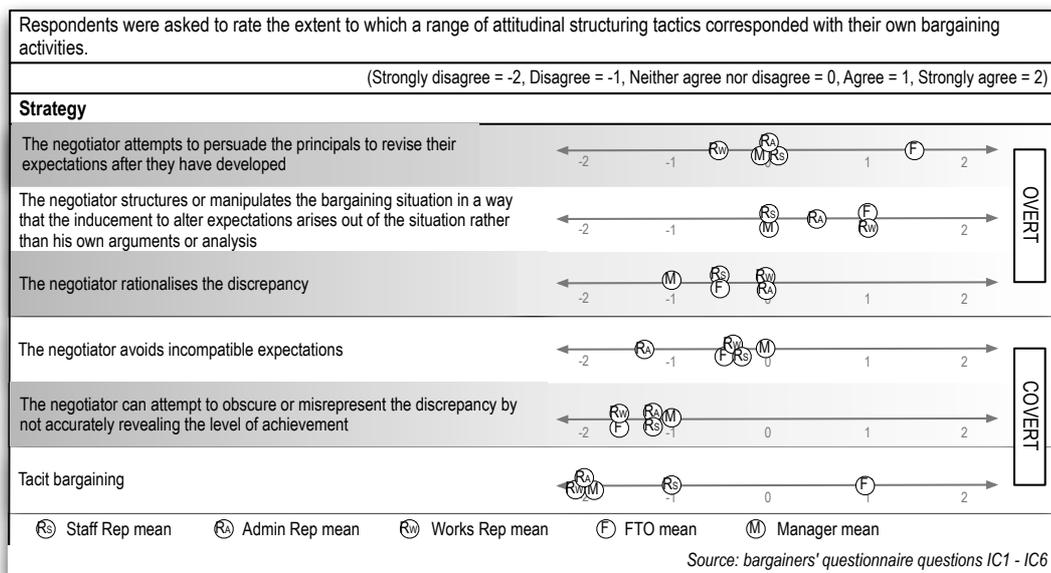
5.3.3. Intraorganisational Bargaining

Intraorganisational bargaining practices can be represented as defined by Walton and McKersie (1965), who identified a variety of strategies and associated tactics. Data was gathered from bargainers to identify the extent to which they would associate their own bargaining

behaviour with those tactics. These are illustrated here in Table 18. As discussed in chapter three, the various strategies and tactics can be usefully distinguished between those that tend to be carried out openly and in full view of a bargainer's principals and those that are hidden from view, characterised as 'overt' and 'covert'.

The distinctions in the practice of bargainers with respect to overt and covert patterns are clearly illustrated in Table 18. There is a strong rejection of covert IB practices by all bargainers (mean = -1), although this is less pronounced on the part of the Unite FTO. There is less concern about overt IB practices, which is reflected in a very weak overall endorsement as an average of all bargainers (mean = 0.1).

Table 18. PowerCo: Managing your own side in the relationship - all bargainers



Intraorganisational bargaining is typically an issue for trade unions rather than management (Walton & McKersie, 1965; Offe & Wiesenhal, 1980). This point is amply demonstrated in Table 18. The management bargainer endorses none of the intraorganisational bargaining strategies; indeed, even at a more detailed level, the manager only endorses three out of a possible fifteen intraorganisational bargaining tactics. Additionally, there was no evidence of management intraorganisational bargaining activities from the interview data.

Table 19. PowerCo: Managing your own side in the relationship - no management

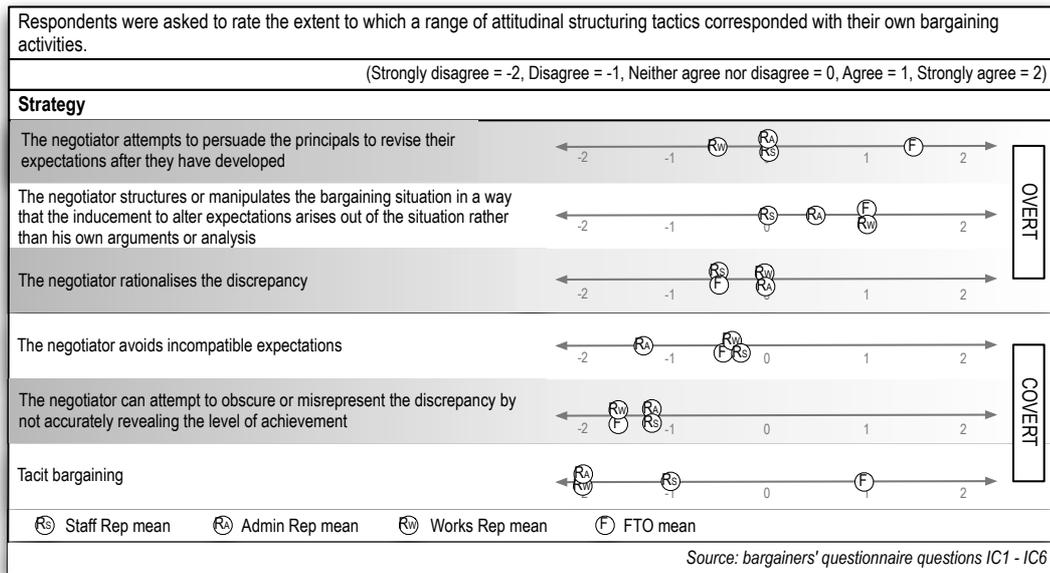


Table 19 illustrates the patterns of intraorganisational bargaining strategy endorsement in the absence of management. This comparison of union side bargainers indicates the differences in approach between the FTO and the workplace representatives. The overall mean response of all union bargainers is -0.39, whilst without the FTO the mean drops to -0.58. Consideration of intraorganisational bargaining practices in the absence of management tends to strengthen the patterns discussed above: the *rejection* of covert forms is very strong (mean = -1), and the *endorsement* of overt forms is also a little stronger (mean = 0.21).

The FTO is clearly more of a proponent of intraorganisational bargaining than the workplace representatives. He has a particular disagreement with the staff side's traditions in this area:

they tend not to make decisions, they tend to take a position on wages or salary to a mass meeting without direction, ... they take no responsibility whatsoever. I find it difficult because I say we've made a decision let's go and sell it to the members, and they say, no we don't work top down we work bottom up.

He sees more commonality in approach between his own and the shop floor, "what you get from the hourly paid side is that shop stewards make decisions, full-time officers make decisions. And

they come back and say this is why we've made this decision and this is why we want you to support it.”

Given the irrelevance of intraorganisational bargaining for management and the predominant influence of workplace representatives on the union side of this employment relationship, it is appropriate to characterise intraorganisational bargaining aspects of the relationship solely by reference to the workplace representatives’ intraorganisational bargaining strategy patterns.

Table 20. PowerCo: Managing your own side in the relationship - lay union officials

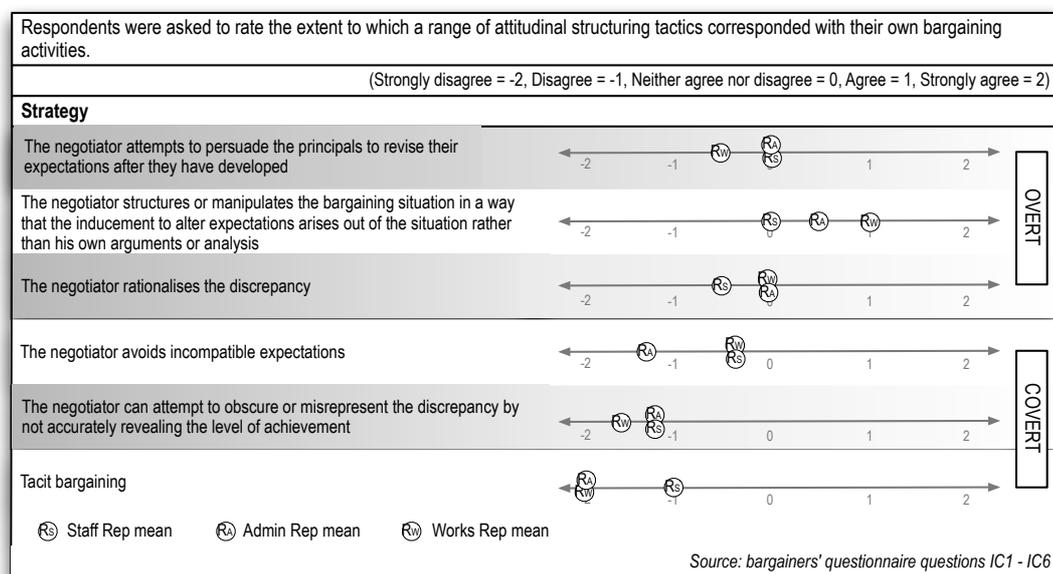


Table 20 illustrates these patterns. There is a general absence of endorsement of this bargaining process. The low mean is indicative of the lack of enthusiasm for this form of bargaining. Similarly, the number of intraorganisational bargaining tactics endorsed is low – the staff, admin and works representatives respectively endorse only 3, 4 and 5 practices from a total of fifteen. Only one intraorganisational bargaining strategy receives support, and that from only two of the three representatives. This strategy is concerned with using the bargaining ‘reality’ to force changes in principals’ expectations. Two tactics are associated with this strategy: one involves the direct confrontation of principals’ expectations with reality; the other involves

engaging management's cooperation to reinforce this. The representatives tended to prefer the former to the latter version of this strategy.

Covert and overt patterns of intraorganisational bargaining strategies appear differently when simply focussing upon the workplace representatives. Endorsement of all types of intraorganisational bargaining is lower, so we see a weaker endorsement of overt' patterns (mean = 0.06) and a stronger rejection of covert patterns (mean = -1.22).

The interview data also supports this sense of the need to 'play it straight'. The works representative describes the process of consulting with the union membership:

We go back to the stewards...we have on occasion rejected it out of hand before, but then we have another meeting and get a better offer, or they might say it's a final offer, and we'll go back then. We would go back to the stewards and if they said it's no good they would reject it and it wouldn't go to the membership - they would tell the membership, no secrets - but if they think it's a package they might be happy with they can relay that verbally to the members, we would have a ballot on there, we would give a hand-out, word for word so they understand what's going on, and they would get a ballot on that.

The only other intraorganisational bargaining strategy with a hint of endorsement is 'rationalisation of the gap' between results and expectations. There is limited interview data to suggest that the survey slightly underplays this strategy, "we've said we might not achieve this all in one go, we've said that, so they know. But by god we'll have a bloody good try at getting the majority of it, and the promise that it's going to come" (Administrative representative).

As a whole, intraorganisational bargaining practices are neither endorsed nor utilised to any great extent here. As such, we can characterise intraorganisational bargaining activities here as strong rejection of covert intraorganisational bargaining practices and a weak endorsement of overt intraorganisational bargaining practices.

5.4. Outcomes

5.4.1. Reward practices

The reward system is based around three grades, with various groups of employees slotting in and accessing different aspects of the reward system according to their position. The

management grades operate beyond this grade structure, with individual contracts not subject to collective bargaining.

The three grades: 2, 3, and 4 (grade 1 being defunct) divide up the workforce as follows:

- Grade 2 - Trainees, Administrative staff, Shop floor employees (time-served/non-time-served);
- Grade 3 – Engineers, Shop floor supervisors;
- Grade 4 - Engineers.

Whilst the 163 shop floor employees are located within grade 2, they are actually paid on spot-rates - having resisted the idea of pay progression based upon individual performance evaluation (the reward and recognition scheme): “They will not accept having two people working alongside each other on different rates of pay - they find that abhorrent” (Operations Manager), reflecting a heightened emphasis on internal equity (Adams, 1965; Lawler, 1981; Carroll, 1987; Brown and Walsh, 1994). These employees are distinguished between ‘time-served’ and ‘non-time-served’ - resulting in a roughly 50:50 split, the respective pay rates located near to the grade’s minimum and maximum. These two rates represent a substantial simplification of the pay structure, which at one time had 39 separate pay rates for this category of the workforce. Aside from trainees, whose position in this grade is intended to be temporary, the company’s 24 administrative staff occupy this grade. The 440 engineers occupy grades 3 and 4, again split evenly between the two.

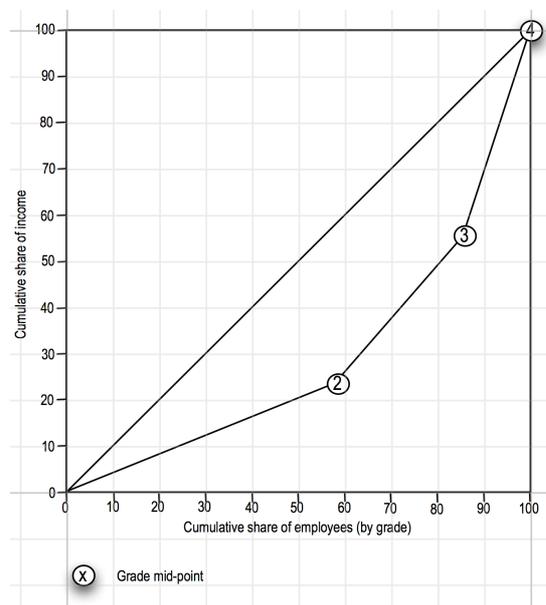
A variety of mechanisms enable pay progression, for those employees whose position allows for this. Employees in the bottom third of the relevant pay range can accrue service related increments every other year, whilst all staff (except for shop floor) have progression opportunities linked to the ‘reward and recognition’ scheme. Ad hoc, discretionary progression is available to employees where the organisation believes it is prudent to do so for reasons of retention and so on.

The distribution of pay within the grade structure is illustrated in Figure 7. Calculated on the basis of relevant grade mid-points (to take particular account of the two spot-rates within

grade 2), the Lorenz curve indicates a hierarchical distribution (Lawler, 1981; Heneman and Schwab, 1985; Milkovich, 1987; Carroll, 1987), with a Gini coefficient of 0.63.

Despite the craft traditions here, the primary unit of analysis the pay structure is the job (Tosi and Tosi 1986; Milkovich, 1987; Ledford 1991; Wallace 1991). Distinctions in the pay structure clearly reflect skill levels between jobs. The reduction of pay rates on the shop floor from 39 to 2 is justified on the basis that “In reality we've only got two [skill levels] across the shop floor” (Operations Manager).

Figure 7. Lorenz curve for PowerCo wage distribution



Whilst market benchmarking is undertaken, there is also concern shown towards issues of internal equity “to some extent now, you've got the position where you've got the likes of the time served are looking over their shoulder at the non-time served ... and they are looking at the engineering” (Operations Manager). This reflects the tensions noted by Carroll (1987) and Lawler (1981).

Pay progression is largely linked to performance (Lawler, 1981; Heneman and Schwab, 1985; Kerr, 1985; Milkovich, 1987; Heery, 1997a, b). Service-related increments are available only at the lower ends of the range, where this is not available the bonus scheme, which is linked to business unit financial performance; and the reward and recognition scheme, which is linked to

individual performance, are the primary means for progression (Mahoney, 1989). Access to the bonus scheme is dependent upon individual agreement to flexible working practices, all staff have signed up to this agreement, however on the staff side the agreement is renewed on a year-by-year basis.

The reward and recognition scheme is based upon parent evaluation of six behavioural characteristics (Gomez-Mejia and Balkin, 1992). Forced distribution enables the distribution of payments to the top 25 per cent of employees in each function. Reward and recognition awards are paid at the same level across the board from a pot negotiated between management and unions. However, the value of incentives as a proportion of total rewards is not high.

Base pay is benchmarked against the engineering industry and is currently reflecting a lead policy at around the 75th centile (Lawler, 1981; Heneman and Schwab, 1985; Carroll, 1987; Milkovich, 1987). Benefits are also relatively generous, although the company's final salary scheme has recently closed in favour of a defined benefit scheme, albeit that "when you look at large companies that have opted out of the final salary scheme they've been more generous than a lot of companies have been" (Operations Manager). Administration of rewards bears largely algorithmic hallmarks. Decision-making is mostly centralised, bureaucratic, rule-based; whilst participation and disclosure is limited to that typical of collective bargaining environments (Lawler, 1981; Heneman and Schwab, 1985; Milkovich, 1987).

Characterising the reward system using Gomez-Mejia and Balkin's (1992) typology (Table 21) we can see rewards that are predominantly algorithmic (basis for pay); mid (design issues); and algorithmic (administrative framework). There is considerable variation between the indices across all three sections of the model. Taken whole, algorithmic practices are the most prevalent, slightly more so than mid-point practices. The algorithmic practices are concentrated within basis for pay and the administrative framework. Only five experiential practices are apparent, three of which are present in basis for pay.

5.4.2. Reward preferences

Respondents' reward preferences were identified by the use of the same scales adapted from Gomez-Mejia and Balkin's (1992) patterns of strategic reward preferences. These are also illustrated in Table 21.

Table 21. PowerCo: Current reward outcomes vs. reward preferences

Basis for pay	Compensation strategy		Status
	Algorithmic	Experiential	
B1 Unit of analysis	Job	Skill	④
B2 Criteria for pay increases	Tenure	Performance	②
B3 Level of performance measurement	Individual	Individual and aggregate	①
B4 Time orientation	Short-term	Long-term	①
B5 Risk sharing	Low	High	④
B6 Strategic focus	Corporate	Division and business unit	③
B7 Equity concern	Internal consistency	Market driven	④
B8 Reward distribution	Hierarchical	Egalitarian	③
B9 Type of control	Monitor of behaviours	Monitor of outcomes	④
Design issues			
D1 Salary market policy	Above market pay	Below market pay	②
D2 Benefits market policy	Above market benefits	Below market benefits	②
D3 Incentives in pay mix	Low	High	④
D4 Total compensation	Low future potential with higher immediate payoff	High future potential with low immediate payoff	①
D5 Reinforcement schedule	Fewer rewards with low frequency	Multiple rewards with high frequency	②
D6 Reward emphasis	Non-monetary	Pecuniary	②
Administrative framework			
A1 Decision making	Centralized pay	Decentralized pay	③
A2 Pay disclosure	Low	High	④
A3 Governance structure	Authoritarian	Participative	③
A4 Nature of pay policies	Bureaucratic	Flexible	②
A5 Superior dependency	High	Low	②

Preferences and practices
 RA Admin Rep RW Works Rep RS Staff Rep F FTO M Manager — Current practice

Status of practice
 ① Supported status quo ② Contested status quo ③ Weak/unfocussed change ④ Supported change

Sources:
 Reward practices - organisational documents (pay structure, pay survey, collective agreements), interviews with bargainers.
 Reward preferences - bargainers' questionnaire (questions B1-B9; D1-D6; A1-A5)

Management's reward preferences reflect a consistent mid-point pattern, both overall and in respect of each section of the model. Outliers from the mode are relatively few (6), with the largest cluster of outliers concentrated in some experiential preferences concerning basis for pay. Overall, experiential outliers to the mode are twice as prevalent as algorithmic outliers. The

range of choices represented here are unremarkable, although there is substantial overlap between these preferences and the current reward practices, which shall be discussed further below.

The Unite FTO displays a greater degree of variation in his choice of reward preferences – nine outliers from an experiential mode. This predominant set of preferences contains a number of unusual choices from the perspective of a union full-time official, notably: performance-based pay increase criteria; market driven approach to equity; and a lack of desire to beat the market in pay and benefits policy. There is an apparent inconsistency between these stated preferences and the interview data. With respect to the staff-sides' preference for performance-based pay increases, he recounts that "I've said why don't we just scrap that and get a proper basic salary, you're going to have assessment anyway, just not get a reward for it. But they say no, our members enjoy that and that's the conservative element". It is hard to make sense of an apparent preference for performance-based increases at the same time as arguing for it to be dismantled.

The administrative representative depicts more typically 'union' reward preferences (Gomez-Mejia & Balkin, 1992; Heery, 2000). Only two raise any particular surprise, preferences for: market-driven approach to equity, and decentralised pay decision-making. Both of these might be explained by reference to local considerations. Annual pay negotiations have become quite sterile since the takeover by the parent company – with flat rate increases tending to be offered across the entire group, with little scope to improve upon the cash element. However, the identification of the company's market pay position appears to have become a particular bone of contention between management and unions in respect of this. Management present benchmark pay data, whilst the unions offer anecdotal evidence of more attractive rewards apparently available in comparator organisations. The administrative representative explains that:

every time we go in for pay negotiations [the company] have said you're quoting national companies, quote local companies same area, same occupation. So last year, one turns up out of the blue ... a lot more, £30-40 more a week, nearly £2000 a year, it's [part of the parent company] as well. So we thought, fantastic, we put the claim in and they said, we can't afford this.

The apparent emphasis on market pay from the survey may, in fact, reflect the emphasis of the union side in constructing useful negotiating positions, rather than a fixed preference. A similar explanation may apply to the desire for de-centralised decision-making. The control of the centre in setting general pay increases appears to epitomize the increased lack of influence that the unions have over company decision-making – hence a desire to bring decisions back to the local level.

The works representative expresses similar preferences with respect to market based equity concern, presumably for similar reasons to those discussed above. However, we also see a desire for match rather than lead policies on pay and benefits. This is curious, and out of line with the traditional ‘More!’ of Gompers. It may be explained by either simple moderation, or be driven by a sense of being below market, with the immediate drive being for market parity.

The staff representative’s reward preferences are the most diverse of all the bargaining parties. They switch from mid-point mode in basis for pay, to algorithmic in design, to experiential in administrative framework. Overall, experiential preferences predominate though with more outliers than any other party.

There is a complex pattern of commonality between the parties concerning their reward preferences. When considering the algorithmic-experiential preferences across the ‘basis-design-admin’ reward framework, clear patterns emerge: basis for pay – mid-experiential; design – mid-algorithmic; administrative framework – experiential. Amongst the five parties’ preferences across these three areas there are only two instances where a party’s modal preference deviates from these common patterns: administrative representative’s algorithmic preference in basis, and management’s mid-point preference in administrative framework.

The sharing of reward preferences is also apparent at the level of individual choices; Table 21 illustrates the large number of shared individual preferences between parties.

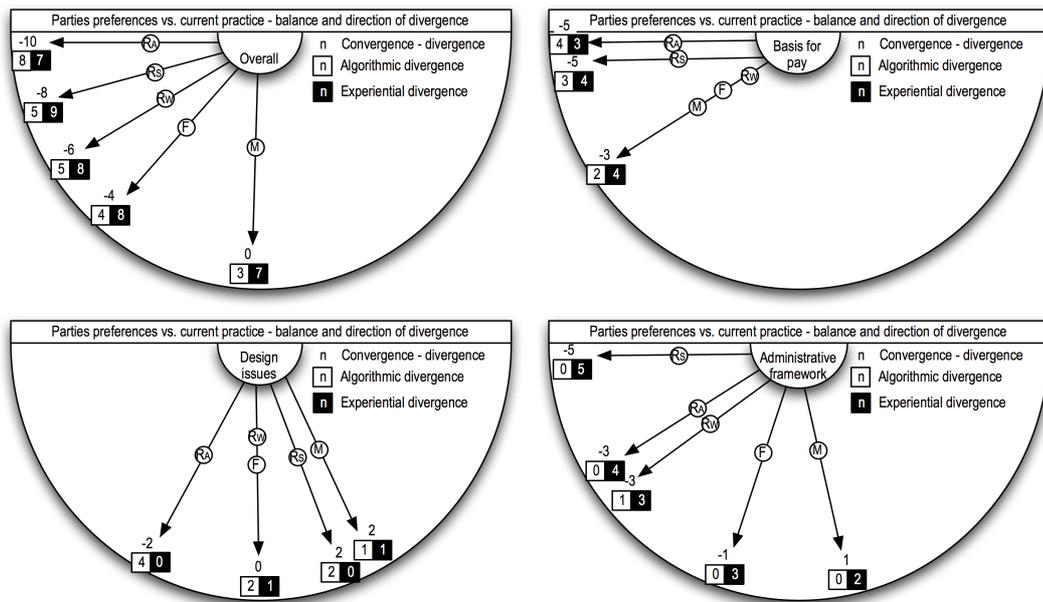
5.4.3. Parties' reward preferences and reward outcomes

Further comparison can be made between the parties' reward preferences and current reward practices along the same indices (Table 21). This is significant insofar as it represents the extent to which current reward practices are acceptable to the various parties. As such it may be an indication of current satisfaction with rewards and of pressure for future change in the reward system. The extent to which the parties diverge with current practice in their varying degrees may further provide a guide to areas of potential conflict in the employment relationship.

Initially, however, it is instructive to consider the broader picture of winners and losers in respect of reward preferences versus reward outcomes. This can be illustrated by comparing the balance of divergence and convergence between actors' preferences and reward outcomes (Figure 8). Net satisfaction with rewards is relatively low. The manager is most successful, with a net overall satisfaction score of zero; with the lay union officials being substantially less satisfied than that.

Figure 8 PowerCo: Reward 'winners' and 'losers'

This figure illustrates the balance between parties' expressed reward preferences and current reward practices
 Sources:
 Reward practices - organisational documents (pay structure, pay survey, collective agreements), interviews with bargainers.
 Reward preferences - bargainers' questionnaire (questions B1-B9; D1-D6; A1-A5)

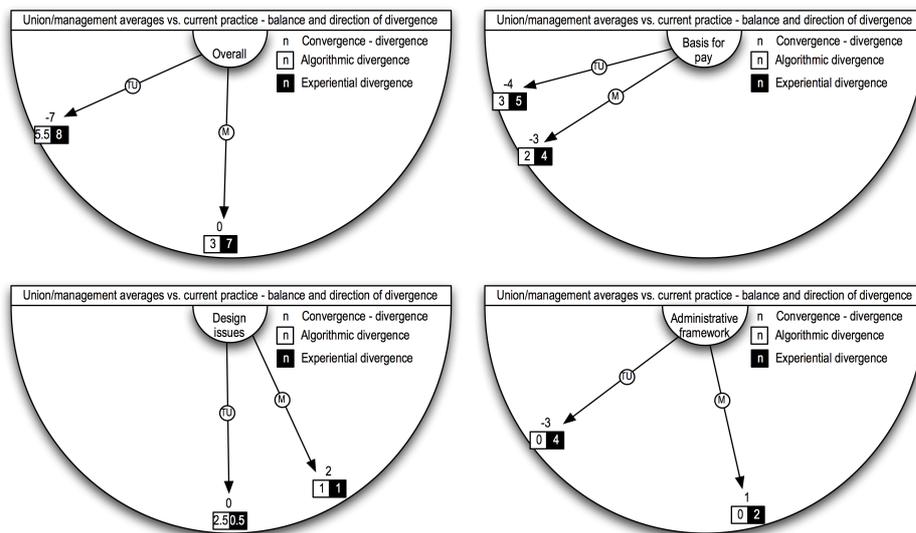


Satisfaction with reward outcomes is not uniform, parties being more or less satisfied with different aspects of the reward system. The manager is also the most consistently satisfied party, with net positive satisfaction in two out of three sections. Only one union party achieves a net positive score across any of the sections – the staff representative in design issues. Basis for pay are the most consistently unsatisfactory set of reward items, followed by the administrative framework. A large satisfaction gap exists between these two, strongly negative sections and the design issues section, which has a small net positive satisfaction across the parties, with only the administrative representative registering net dissatisfaction across the board.

The largest spread of satisfaction/dissatisfaction concerns administrative framework items, with a spread of six points, compared to only three in basis for pay. This relative clustering of different aspects of satisfaction reflects the divergence of management positions from the union side's across the board experiential preferences in administrative framework.

Figure 9 PowerCo: Reward 'winners' and 'losers' - union vs. management

This figure illustrates the balance between parties' expressed reward preferences and current reward practices
 Sources:
 Reward practices - organisational documents (pay structure, pay survey, collective agreements), interviews with bargainers.
 Reward preferences - bargainers' questionnaire (questions B1-B9; D1-D6; A1-A5)



The distinction in relative success between union and management sides can be shown with more clarity if the union positions are averaged, as illustrated in Figure 9. Management is consistently more successful than any or all of the union-side bargainers across the whole reward

system and in each section. However, the gap between union and management is not uniform. Union and management are very close in their dissatisfaction with basis for pay practices, relatively close and relatively satisfied with design issues, but furthest apart in the administrative framework.

Whilst this comparison allows us to locate the extent to which parties' reward preferences are or are not reflected in current practices, it does not provide an indication of the nature of any such divergence. That is, when parties' preferences and current practice are not aligned, is that because preferences are insufficiently algorithmic or experiential? Lining up data that indicates dissatisfaction is one thing, however it is only by understanding the nature and direction of that dissatisfaction that one can begin to interpret its likely impact upon current practice.

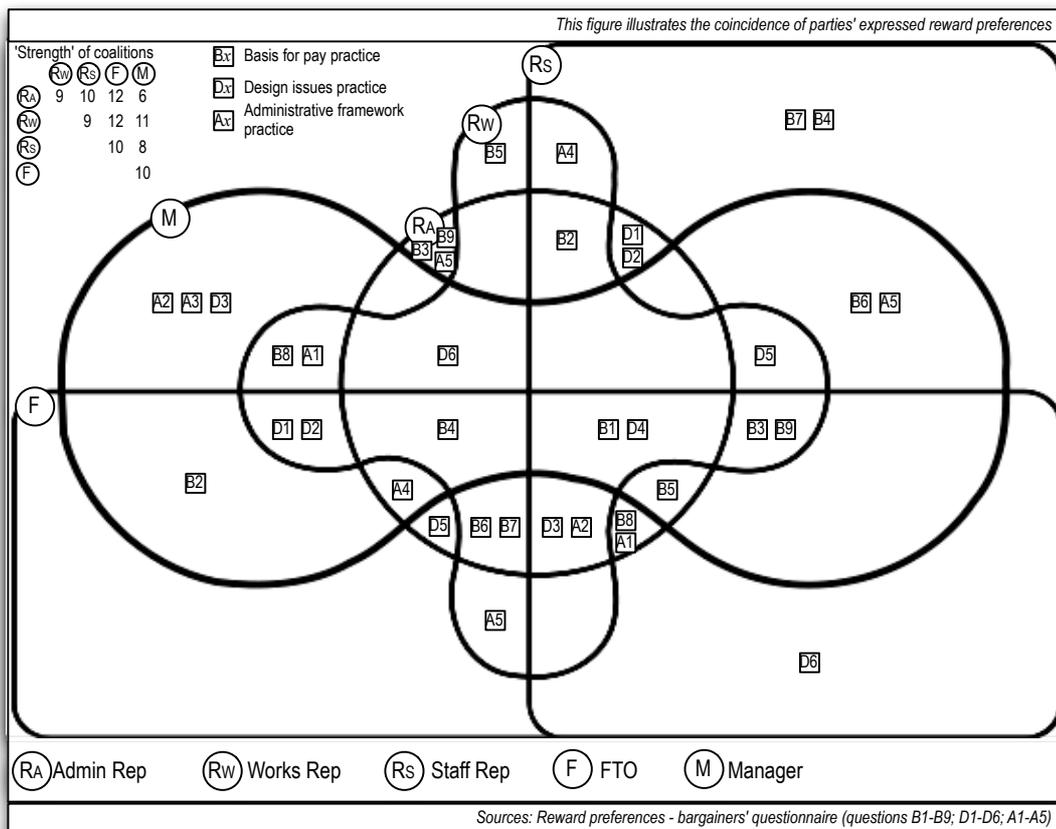
Considering, initially, the overall pattern of preferences indicated by the parties a clear pattern can be observed. Whilst there is some divergence between the various parties as to the most desirable direction away from current practices, this is predominantly towards more experiential practices. The administrative representative marginally tends towards more algorithmic alternatives, whilst all other bargaining parties tend towards more experiential alternatives. The overall pattern of preferences is fairly clear-cut: twenty-five expressions for more algorithmic alternatives versus thirty-nine for more experiential alternatives, similar figures emerge with the averaged data.

The patterns are more distinct when we consider the basis-design-administrative sections separately. Under basis for pay – the section that was both the least satisfactory and generated the most consistency between parties on this measure – most parties expressed a net desire for more experiential approaches (nineteen vs. thirteen). This pattern is clearer still in respect of the administrative framework – only one expression of desire for more algorithmic, against seventeen expressions for more experiential practices. This predominant pattern is, however, reversed, with regard to design issues. One will recall that this was the most satisfactory section of the reward system, with a small positive satisfaction score. What dissatisfaction exists, though, seeks remedy in more algorithmic practices (nine vs. two), though these more algorithmic yearnings

must be seen as being generally weaker than the more experiential desires exhibited in the other sections – i.e. they exist in the context of generalised approval of practices in this area.

However, the extent to which these broad sets of reward preference are expressed in bargaining activity will depend upon the specific coalition of parties' interests over particular issues, and also upon the capacity of parties to develop their bargaining power, which may be linked to coalition building with other parties. Figure 10 indicates the broad potential for such coalition building. This Venn diagram sets out the number of instances where particular coalitions of reward preferences coincide. It is noticeable that none of the bargaining parties hold many isolated positions – the manager and the administrative representative being the most 'isolated' in this regard, though with only three such occurrences each, whilst the FTO holds no isolated positions.

Figure 10. PowerCo: Coalitions of parties' reward preferences



A corollary of the general absence of isolation is that there are many strong coalitions of reward preferences. These are particularly strong between: FTO-administrative representative;

FTO-staff representative; FTO-works representative; FTO-manager; works representative-staff representative; and manager-works representative. Less impressive, though still substantial coalitions are apparent between management-staff representative and works representative-administrative representative. There are also eighteen instances where three or more parties are in agreement over an element of reward.

Certain combinations of parties appear to be dysfunctional in respect of achieving agreement over rewards. For example, whilst the FTO and the staff representative agree over ten items (despite their personal antipathy), the FTO and manager agree over ten, and the staff representative and the manager agree over eight items, there are no items over which the manager, FTO and staff representative agree. Similarly, manager, staff representative and administrative representative can find no common point of agreement, despite multiple agreements in respective pairs.

Figure 10 also indicates the individual elements of reward around which parties are in agreement. Breaking down these instances of correspondence by the respective sections of the reward model illustrates a similar picture to that discussed earlier in respect of the data presented in Figure 8 and Figure 9. Average instances of correspondence as a proportion of the numbers of items per section are: basis for pay – 54 per cent; design issues – 55 per cent, administrative framework – 30 per cent. There would appear, therefore, to be much greater scope for agreement between the parties concerning basis for pay and design issues items than for administrative framework items.

Comparing these various coalitions of reward preferences with current reward practices provides an indication of the relative stability of particular practices. The status of reward practices against the preferences of bargainers is illustrated in Table 21. Four categories of status are identified: supported status quo, contested status quo, weak/unfocussed change and supported change, as discussed in chapter four.

Practices with ‘supported status quo’ status are relatively thin on the ground, being limited to: ‘level of performance measurement’, ‘time orientation’ and ‘total compensation’. A

much larger number of practices are classified as ‘contested status quo’, these being: ‘criteria for pay increases’, ‘salary market policy’, ‘benefits market policy’, ‘reinforcement schedule’, ‘reward emphasis’, ‘nature of pay policies’ and ‘superior dependency’. These practices are relatively unlikely to be objects of pressure for change.

Other practices are less secure, being supported by bargainers in relative isolation, if at all. These practices fall into two categories, determined by the relative coherence of the opposing viewpoints. A small group of practices are classified as ‘weak/unfocussed change’: ‘strategic focus’, ‘reward distribution’, ‘decision making’ and ‘governance structure’. However, a much larger group of practices are opposed by a coherent opposition, having a ‘supported change’ status: ‘unit of analysis’, ‘risk sharing’, ‘equity concern’, ‘type of control’, ‘incentives in pay mix’ and ‘pay disclosure’. It should be noted that two of these items: ‘equity concern’ and ‘pay disclosure’ have particular relevance as current bargaining issues – the first because the discussion of relevant market rates has become a bone of contention between management and union, and the second because the union is currently seeking (whilst management is resisting) disclosure of management rewards.

These last items are likely to represent the areas of greatest pressure for change in the rewards system as they have limited support and coherent opposition. Taken as a whole, there is some patterning to their form and incidence: they are most prevalent in basis for pay practices – representing two-thirds of all practices with this status. However, the nature of who is in or out of the coalitions on either side is less clear-cut. All bargainers, with the exception of the FTO, find themselves in isolated support of at least one current practice in opposition to a coherent coalition. Within this the manager tends to find himself in this position more regularly than the other bargainers (twice against one each for the others), aside from any possible reasons behind this pattern it may also indicate a greater capacity of management to sustain unpopular decisions in the face of opposition.

Including the weaker ‘change’ status in this discussion tends to reinforce the pattern of dissatisfaction with basis for pay practices – six of the nine practices face some degree of pressure

for change. However, it also indicates substantial dissatisfaction for administrative framework issues (three out of five, plus two contested status quo items) although here the preference for change is more diffuse. Broad, though not strong, support is evident amongst design issues items.

Chapter 6 Discussion

6.1. Introduction

In assessing these cases, two central questions are pertinent: what is the nature of the employment relationship; and how does that influence the nature of employee rewards? There are five pertinent aspects under discussion here: the *context*, the nature of parties' *ideology*, the *processes* of the relationship, the reward *preferences* of the parties and the reward *outcomes*; we shall take these in turn.

The proposed nature of these aspects and the linkages between them has been discussed previously in chapter 3.

The data introduced in chapters 4 and 5 have followed this framework and in the following sections we shall seek to summarise that data. Following the discussion of these aspects we shall seek to infer, where prudent, the nature of the linkages between the various aspects within each case. Comparison between the cases will provide a broader discussion concerning the nature of the interactions between the employment relationship and employee rewards.

6.2. FoodCo summary

6.3. Context

FoodCo has declined in size over recent years, although it remains a large employer. The majority of the workforce are process workers, employed on production lines, and are mostly women, the majority of those female employees being employed on a part-time basis. The organisation has, historically, paid well in comparison to competitors, providing little incentive for employees to leave. This, coupled with low levels of recruitment to the permanent workforce, has resulted in a fairly old, long-serving workforce.

FoodCo's product markets have become increasingly competitive over recent years; characterised by a shift in consumer tastes away from frozen foods and the dominance of their supermarket chain customers. FoodCo has had particular difficulty in coping with these competitive pressures because of their financial weakness. A clear consequence of this is the overriding importance attached to cost control, productivity improvement and waste reduction.

The nature of the work and technology employed is largely a traditional production line. The work of most employees remains low-skill and repetitive, a form of work typically associated with low levels of innovation in work practices.

The strength of the union and a dominant union convenor are central, enduring features of this employment relationship, although the recent concentration of authority in the hands of the Finance Director has changed the mood music in the employment relationship, with a number of frustrations on both sides becoming apparent.

6.4. Ideology

The values of the union side partially reflect the historical pragmatism and moderation of the GMB; additionally the union leaders (convenor and FTO) explicitly espouse commitment to the broad aims of the organisation. However, this is tempered by two factors: the strength of the union itself, which presents a de facto capacity to resist; there is also some perceived intransigence by union and management amongst the workforce and

the shop stewards committee, who would prefer a more conflictual stance. Characterising the union values in terms of Walton and McKersie's (1965) relationship patterns reveals a rather positive stance: accommodation-cooperation, mirrored by a belief that management feel the same way towards the union.

The key management personality is the Finance Director, who expresses frustration at the union and the workforce, and distinguishes between the local union and the union organisation in general, characterising the latter as an outsider. The transition to a culture that is appropriate to a smaller and more entrepreneurial reality is not regarded as being reflected in sufficient changes in the conduct of employment relations. His desire for 'a company union' coupled with a unitarist frame of reference is a suggestion of one potential future for employment relations here. The espoused relationship pattern is less positive than that of the union (containment-aggression-accommodation) with still less positive attitudes projected into the future. Management believe that the union holds a similar set of attitudes towards them.

Employees' attitudes towards the union and management are quite negative, characterised by an accommodation-containment-aggression pattern. The attitudes towards both management and union are remarkably similar, although the union retains a greater hold on employees' motivation to act than does management. Male employees are more sympathetic to the union, less so to management, females holding the opposite attitudes. Union membership is inversely associated with positive attitudes to management, although with such high levels of unionisation this point may be moot. The same pattern may be seen in the lower levels of management trust and friendliness in line with length of service, and in the depressed levels of trust in both management and union amongst permanent compared to temporary staff. The workforce's relationship with management and union is not entirely positive, to say the least. It is not straightforward to explain this circumstance, although anecdotal data during the administration of the survey indicate that the long-term competitive pressures may have taken their toll on the goodwill of the workforce.

6.5. Process

The form of regulation here is distributive bargaining. Despite broad acceptance of management's strategic objectives there is little innovation: a top-down information sharing exercise and no joint problem solving. The annual pay-bargain is predominant; this irritates management who regards it as evidence of a dislocation of the workforce from reality, which preserves the characterisation, from a management perspective, of the 'outsider' union as a drain on resources and considerations of a non-union alternative. The union, in turn, expresses frustration at workforce resistance to change, and believes that it plays an important role in supporting the company through its external, political influence.

The negotiation of attitudes is strongly influenced by the relationship's longevity, this is not simply concerning a relationship between the institutions but also between individuals. The relationship is stable and established, deeply embedded in the life of the organisation. Emphasis is placed upon the importance of the union agreement as the basis for conflict resolution, suggesting a degree of formality. However, many issues are flagged up and dealt with on a confidential basis outside of these formal channels, based upon the trust between convenor and Finance Director. The centrality of the convenor is clearly recognised by management, who worries about succession issues.

Management appear to emphasise attitudinal structuring activities more than the union, and have a wider repertoire. The communal approach predominates across the relationship, although amongst the parties, the convenor makes both least use of communal practices and most use of partisan practices. In general, the union emphasises its strength through its use of attitudinal structuring activities.

Intraorganisational bargaining activities are in use here, almost exclusively on the union side. Management make little use of such bargaining activities, as one might expect. The union is more active in this regard, mostly making use of overt forms. The convenor has a wider repertoire than the FTO.

6.6. Reward outcomes

The current reward practices at this organisation can be characterised quite simply: it is a predominantly algorithmic scheme (Gomez-Mejia and Balkin, 1992). Indeed, of the nineteen items measured against the algorithmic-experiential scale, twelve were classed as algorithmic and only five as experiential. The modal classification is also algorithmic in each of the three sections.

6.7. Reward preferences

The reward preferences of the parties can be characterised with equal simplicity:

- Employees' modal preferences are at the mid-point in basis for pay, and mid- to algorithmic in design issues and administrative framework.
- Management's preferences are experiential in basis for pay, mid-point in design issues, and algorithmic in administrative framework.
- Union convenor's preferences are algorithmic in basis for pay and design issues, and experiential in administrative framework.
- Union FTO's preferences are experiential in basis for pay, algorithmic in design and mid- to algorithmic in administrative framework.

6.7.1. Comparisons amongst bargainers

There are a number of interesting comparisons amongst the bargainers' reward preferences. The convenor is typically algorithmic in basis for pay, whilst his FTO is much more atypical in particular regard to issues of performance pay. Despite this there is a joint antipathy to risk sharing. Expected contrasts between union and management are apparent over pay and benefits market policy - union favouring the current lead policies, management preferring to tack back to the market rate. Management preference is for greater egalitarianism in the pay structure than that of union convenor, despite traditional union pressure on squeezing differentials. We also see management and FTO adopting a broadly authoritarian approach to pay system governance, whilst the convenor is for openness and individual employee participation. In general we can see fairly close comparisons between management preferences and those of the FTO, a much closer comparison than is apparent between FTO and convenor.

6.7.2. Comparisons between bargainers and employees

The divergences between bargainers' preferences and those of employees represent an important point of comparison because of its potential impact upon the broader employment relationship, and the scope for success of various employment relations strategies. Significantly, the closest comparison between any of the bargainers and the workforce's reward preferences is with management. Whilst there is significant convergence between management and employees' preferences, where divergence did occur the workforce tended towards more algorithmic positions than did management. There is much less convergence between employees and union convenor and the divergences tend to place employees in a more experiential position than the convenor. Least convergence of all is found between employees and the FTO. The nature of the divergence between employees and FTO is complex, no particular pattern of algorithmic or experiential divergence being evident. Of all the bargaining parties, not only is management closest to the workforce, where management and workforce diverge, the direction of that divergence is the most clearly discernible.

6.7.3. Comparisons with current reward practices

When we compare reward preferences to current reward practices it is clear that the convenor is by far the most successful party, followed by the FTO, then management, and employees least successful of all.

The current 'basis for pay' items are the least satisfactory across the board, followed by 'administrative framework', with 'design issues' most acceptable to the parties. Where parties' preferences diverge from current practice, the predominant direction of that divergence is experiential, with the sole exception of the FTO. In general terms, management and employees find experiential practices more preferable than do the union parties. Most pressure upon the reward system is apparent in 'basis for pay' items, both in terms of the extent of dissatisfaction and in terms of resistance to change, resulting in the greatest potential for conflict in this area. The identification of coalitions of reward

preferences and the identification of support for and resistance to change around specific items provides a guide as to how these broad patterns of satisfaction and dissatisfaction might play out in the bargaining arena. Management and FTO are each part of two of the three strongest preference coalitions, whilst the convenor and employees are only part of one strong coalition each: convenor in coalition with FTO; employees with management.

There are clear patterns of support and resistance regarding the various reward items, ranging from 'strong status quo' to 'supported change'. The pursuit of change in those items with the strongest resistance would indicate the necessity for power, distributive bargaining, whilst 'supported change' items would presumably be appropriate for integrative bargaining.

At the level of individual practices, four items have 'supported change' status (section of reward model is indicated in parentheses): unit of analysis (basis), criteria for pay increases (basis), reward distribution (basis) and superior dependency (administrative). Of these, only the pattern of support and opposition for superior dependency indicates potential for conflict. The other three items suggest substantial agreement for the direction of change, indicating potential for integrative approaches. Only one item, decision making (administrative) has a 'weak/unfocussed change' status. In this instance, the difference between parties is defined by the extent of desired change rather than by its nature, suggesting a further possibility for integrative approaches.

6.7.4. Associations between preferences, demographics and relationship patterns

Statistical analysis of the reward preference items in the employee survey allow for the identification of associations between employees' reward preferences and other salient factors. Unlike the analysis of employees' relationship patterns, demographic associations are limited. Much more apparent are the associations between the employee-management relationship pattern and their reward preferences. Criteria for pay increases; strategic focus; reward distribution; type of control; incentives in pay mix; reinforcement schedule; reward

emphasis; governance structure; nature of pay policies; and superior dependency all have multiple significant associations against each of the employee-management relationship variables. The direction of the association, however, is not straightforward; a positive relationship pattern is associated with increasing algorithmic preferences as often as it is with experiential preferences.

6.8. PowerCo summary

6.9. Context

PowerCo status in local labour markets has declined over recent decades, from a giant landmark of regional manufacturing industry to just another large manufacturing organisation. Conversely, the organisation's acquisition by its current owners has greatly extended its reach in product markets, increasing its range of available work.

Internal labour markets bear the hallmarks of highly skilled engineering: a hierarchy of trade and craft, distinctions between 'staff' and 'shop floor'. Within the employment relationship these distinctions have been whittled away over the course of more than two decades, yet they remain in the background of a long established and largely stagnant workforce. Across the organisation this heritage, along with the tensions of previous struggles for survival appear as *pentimenti* (Adams and Ingersoll, 1990) under the present reality of a commercially successful business unit of a global conglomerate striving for 'modern', single status employment practices. Skill, however, remains a touchstone for the organisation in various ways, particularly through the servicing requirements of the established fleet of power stations, the rarity of certain skills within the workforce, and the challenges posed for human resource planning.

The nature of work technology employed here and perceptions of professionalism have an enduring influence on the employment relationship even beyond calculations of skill hierarchies (Kochan & Osterman, 1994; Bélanger & Edwards, 2007). The staff, professional engineers, and designers retain a sense of professional status which influences attitudes and employment practices despite high, long-standing levels of militant union representation.

The contrast with the steadfastly proletarian, though highly skilled, shop floor employees is often quite marked in ways that influence both sides of the effort-reward bargain and the management of conflict.

Two forces shape PowerCo's competitive strategies: the cyclical upswing in energy demand that characterises the product market, and the cultural and economic drivers of the conglomerate owners. Whilst no longer manufacturing entire plants, the organisation has retained much of its capacity; this has enabled PowerCo to take considerable advantage of improving market conditions and to expand. However the transfer of organisational power from local to global is mourned and the 'new' masters are still regarded with suspicion, particularly because of their perceived ruthlessness. Despite these suspicions, progress is acknowledged and credit given to the owners in respect of working conditions and improvements to human resource management practices – particularly communication.

6.10. Ideology

A history of confrontational collective employment relations and of attritional individual work relations appears to have mellowed, although the legacy is a tradition of unionism and a union organisation of considerable apparent strength, despite misgivings amongst the union leadership about their relative decline.

The vast majority of unionised employees now reside within the Unite trade union. However, the historic tensions between the progenitor unions are noticeable within the local union. The bargaining structure reflects the old TASS/MSF – AEU/EETPU divide, as does the internal politics. Ideological militancy predominates in the staff side leadership, whilst pragmatism is the order of the day on the shop floor, although there is a suggestion of an interesting dichotomy between militant leadership and conservative membership consistent with historic TASS traditions.

Notwithstanding the predictable conflict-containment-aggression pattern (Walton and McKersie, 1965) of the staff representative, the ideology of union-management relationships are characterised by an accommodation pattern. The pragmatism of the shop

floor union leadership (and the FTO) is also displayed in their cooperative motivational tendencies towards management. Union perceptions of management ideology mirror the same accommodation pattern, although with some darker notes evident, most noticeably the union side's consistent judgement of management's motivational tendencies towards them as threatening.

The ideology of the management-union relationship, again, follows the accommodation pattern. Management also perceive the union as being less positive towards them than vice versa, although the differences in this respect are not as extreme as the differences between union attitudes and perceptions. Overall there is a remarkable concentration of bargainers' attitudes and perceptions around the accommodation pattern, although this consensus polarises around motivational tendencies. These patterns indicate something of the settled nature of the relationship: legitimacy, trust and friendliness are all established and largely mutually understood. The motivational or action aspects indicate more of the present and future dynamics of the relationship, reflecting current issues to a greater extent.

6.11. Process

The dominant form of regulation at PowerCo is distributive bargaining, both in terms of the range of issues and the behavioural characteristics displayed. Innovation is apparent in various directions, although it has not overcome the essentially distributive nature of regulation here. In recent years, the pressure for ongoing reform of working practices from the management side has substantially reduced and, as a result, the nature of bargaining has settled into an expected, though often uneasy and unsatisfactory distributive routine.

Work regulation has also developed in the direction of information sharing. Whilst this is regarded positively on both sides, this is a dual-channel approach and so carries risks and limitations, particularly for the union side. The information sharing has two variants: collective consultation and individual task-centred problem solving. Where consultation

emerges from routine issues it tends to be regarded as a largely fire fighting mechanism, firmly rooted in employment questions. There appears to be little appetite to go beyond this agenda from either side. Individual involvement simply reflects an HRM approach.

Attitudinal structuring activities represent an indication of the nature of the relationship here. The journey from conflictual relationships, along with associated status differentials, to a more harmonious relations and a single status framework is regarded as a particular cultural achievement, most notably by the most long-standing bargainers. This cultural shift is reflected in attitudinal structuring activities, which are pursued by management and lay union representatives to an equal degree, utilising behaviours that tend to favour communal strategies.

There is a general lack of enthusiasm, on either side of the relationship for intraorganisational bargaining activities at PowerCo. This is expressed through a clear rejection of covert forms and only a very weak endorsement of overt forms of intraorganisational bargaining here.

6.12. Reward outcomes

The current reward practices in PowerCo show a substantial degree of variation. The modal pattern is algorithmic (Gomez-Mejia & Balkin, 1992), however there are twelve outliers split marginally in favour of mid-point practices. The algorithmic patterns are the mode, though never truly dominant, in basis for pay and administrative framework items. Algorithmic practices are in a small minority amongst design issues items. The overall pattern might be best characterised as algorithmic to mid-point.

6.13. Reward preferences

The reward preferences of the bargaining parties also demonstrate considerable variation both in terms of their internal consistency and between the bargainers. Only the preferences of the manager represent a degree of consistency in which the modal response is also the majority response. The bargainers' patterns of preferences can be summarised:

- Administrative Rep – Algorithmic mode with ten outliers, the majority of which express experiential preferences (mostly in the administrative framework).
- Works Rep – Mid-point mode with ten outliers split marginally in favour of experiential preferences.
- Staff Rep – Experiential mode with eleven outliers split marginally in favour of mid-point preferences.
- FTO – Experiential mode with twelve outliers split evenly between algorithmic and mid-point.
- Manager – Mid-point mode with six outliers, the majority of which express experiential preferences.

Analysis of these preferences can be made in two ways: by comparing the respective preferences against each other and by comparing preferences against reward outcomes.

6.13.1. Comparisons amongst bargainers

Despite the apparent variations between individual bargainers' reward preferences a complex pattern of commonality within the three sections of the reward model emerges from which there is little substantive variation:

- Basis for pay – mid-experiential;
- Design issues – mid-algorithmic;
- Administrative framework – experiential.

These patterns underlie extensive, strong coalitions of preferences between all of the bargainers. The FTO is the best-connected bargainer in this regard; having strong coalitions with all other bargainers; whilst the manager is the worst connected. It is also interesting that the coalition between the Works and Administrative representatives is more limited than might be expected considering their effective pooling of bargaining resources.

6.13.2. Comparisons with current reward practices

When we compare reward preferences to current reward practices it is clear that, notwithstanding a net dissatisfaction with the reward system across the board amongst all bargainers, the manager is the most successful party followed, respectively, by the FTO, Works Rep, Staff Rep and Administrative Rep.

Union-side bargainers are consistently dissatisfied across each section of reward practices. Mutual net dissatisfaction exists only in respect of basis for pay, which also

indicates most pressure for change. Least pressure for change exists in design issues. Least opportunities for mutually acceptable change exists amongst administrative framework practices. There is a broad desire across *all* bargainers for an experiential change in reward direction taking the system as a whole. This is particularly marked in basis for pay and administrative framework; the pattern is reversed in design issues.

Changing the focus to individual reward practices, six items have ‘supported change’ status (section of reward model is indicated in parentheses): unit of analysis (basis), risk sharing (basis), equity concern (basis), type of control (basis), incentives in pay mix (design), and pay disclosure (administrative). Of these, two (incentives in pay mix, pay disclosure) see management aligned with current practice against a strong union coalition, indicating potential for conflict. The other four indicate either unity for change or strong ‘cross-party’ support, indicating potential for mutual benefit change. Four other practices have ‘weak/unfocussed change’ status. Of these, three (strategic focus, reward distribution, and decision making) indicate potential for mutual benefit change as differences in preference are consistent in direction if not extent, whilst one (governance structure) indicates potential for conflict. There are no indications of unilateral management aspirations for change away from union supported practices.

6.14. Comparative analysis – patterns of similarity and difference

The data presented in chapters four and five, summarised in the preceding section, provides a complex view of the elements of the employment relationship and reward system under consideration here. In order to draw lessons from these cases it is necessary to identify and explain the patterns within each case as well as those similarities and differences that are apparent between them. Figure 11 and Figure 12 illustrate the key findings from the cases as they relate to the conceptual framework introduced in Figure 1. In the following section the similarities and differences between the cases will be identified.

Figure 11. FoodCo. - Summary of key findings

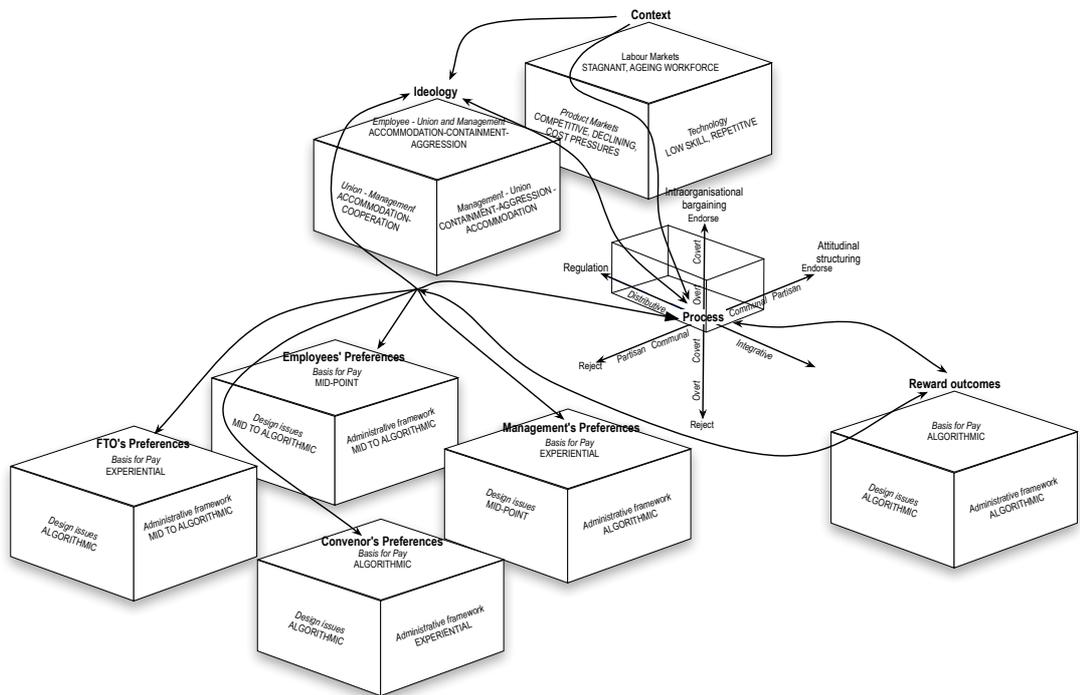
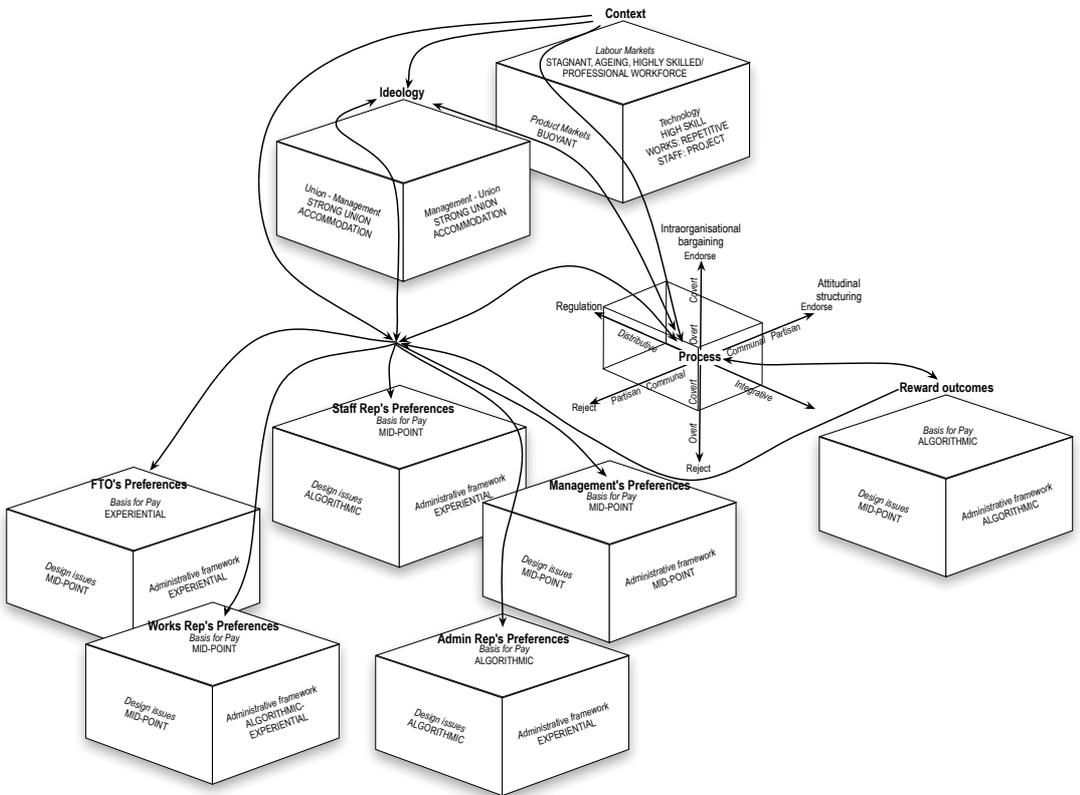


Figure 12. PowerCo. - Summary of key findings



6.14.1. Context

Internal labour markets in both cases share certain characteristics. Of particular note is the length of employment evident amongst large parts of the respective workforces, and the associated advanced age of many employees. Consequently, in both cases there had been little change in the workforce over an extended period of time, although in both cases the management, in particular, pointed to recent new recruitment as a focus of change in the employment relationships.

The level of skill in the workforce, and the related nature of work technologies was a considerable difference between the cases. Whilst at FoodCo the work was of a low skill, production-line nature, at PowerCo the general level of skill across the workforce was much higher and is regarded as a source of status and competitive advantage. This was reflected in the nature of work technology employed here, with cell-based production on the works side and project teams on the professional staff side.

Product market positions are also distinct. FoodCo operates in a tight, low margin environment in which powerful customers exert enormous influence, which has a particular effect upon FoodCo because of its limited financial resources. PowerCo, by comparison, whilst ostensibly required to sink or swim by its parent company, does enjoy the extensive reach afforded by its membership of a global conglomerate. It is also operating in a buoyant sector with full order books and unique sources of competitive advantage.

6.14.2. Ideology

A number of patterns are apparent in respect of the ideologies of the parties, some of which indicate similarity between the cases, whilst others suggest difference. Evidence of divergence in ideology between the parties was evident in FoodCo, with management expressing a more conflictual relationship pattern and the union more cooperative. At PowerCo, by comparison, the parties appeared to be more settled around the accommodation pattern.

Two other aspects of ideology, however, were common between the cases. Firstly, there was a tendency for polarisation of attitudes around the motivational dimension. At FoodCo representing both management's most conflictual and the union's most cooperative perceptions. At PowerCo attitudes between parties were also polarised around this dimension, although this was not a simple management/union split in this case, rather reflecting the particular conflictual position of the staff representative.

The second common aspect here is that in both cases parties' perceptions of the *other side's* attitudes tended to be particularly polarised around the motivational dimension, in both cases erroneously, if we take parties' expressed attitudes at face value. Parties tended to expect worse from their bargaining counterparts than those counterparts professed.

Employees' values were only available in FoodCo, here indicating some wariness towards both management and union.

6.14.3. Process

The predominance of distributive bargaining is a key feature common to both cases. Little innovation in the nature of collective regulation has occurred, and the centrality of distributive bargaining to the employment relationships at FoodCo and PowerCo appears to be resilient. Innovations to the form of regulation have tended to take a non-collective route in both cases: simple, top-down information sharing at FoodCo, a more sophisticated dual-channel approach at PowerCo.

Further similarity between the cases can be found in respect of attitudinal structuring. In both cases there was a preference for communal behaviours, and partisan preferences tended to be associated with union bargainers rather than management. Considering intraorganisational bargaining we see that in both cases this activity was an issue for the union and not for management. However, give this common feature, there was a notable difference in the way that intraorganisational bargaining was undertaken between the cases. At FoodCo there was considerable endorsement of overt forms, along with a weaker rejection of covert forms. At PowerCo this pattern was reversed, with a much

clearer rejection of covert intraorganisational bargaining along with a relatively weak endorsement of overt forms.

Overall, there is considerable commonality in employment relations processes between these cases, with the exception of the nature of intraorganisational bargaining.

6.14.4. Reward outcomes

Classifying the reward practices of the two organisations by means of Gomez-Mejia and Balkin's (1992) model, we see the dominance of algorithmic practices although this is less clear in PowerCo than in FoodCo. In PowerCo a number of experiential practices are evident, particularly amongst 'basis for pay' practices.

6.14.5. Reward preferences

The reward preferences are complicated to track across all of the bargainers in each of the cases. It is possible to draw some broad patterns, however. Management in both cases tend to favour experiential as opposed to algorithmic practices, although there preferred options tend to lie between the two ends of the spectrum.

Union bargainers in both cases express a wide range of preferences, with algorithmic, experiential and mid-point preferences being strongly evident. In FoodCo union bargainers' preferences tend to be polarised between the two ends of the spectrum to a greater extent than those at PowerCo.

Regardless of the preferences themselves, when compared to existing reward practices there are some notable distinctions in the relative 'success' of bargainers. In FoodCo the union bargainers appear most satisfied with the shape of the reward system, with a net positive balance of those practices that converge with their preferences. Management, by comparison is considerably less satisfied. At PowerCo this circumstance is reversed, with management the most satisfied bargainer and all union bargainers expressing net dissatisfaction with the rewards. In both cases those elements of reward categorised as 'design issues' were the most satisfactory to bargainers, with only one bargainer across both

organisations expressing dissatisfaction with these items. In FoodCo ‘basis for pay’ items appeared to be the most contentious, representing the largest spread of satisfaction (union bargainers) and dissatisfaction (management), whereas at PowerCo there was a much tighter demonstration of dissatisfaction with these items across all bargainers.

These complex interactions of bargainers’ reward preferences with existing reward practices throw up distinctive patterns of potential conflict and cooperation over rewards, although in both cases there appeared to exist the potential for cooperation between parties regarding a number of substantive reward issues, although they also highlighted the potential for conflict over a smaller range of issues.

6.15. Comparative analysis – links to propositions

The propositions set out in chapter three reflect the conceptual framework adopted here and are rooted in the relevant literature that was discussed in chapter two. Relating the findings from these cases to these propositions provides the basis for explaining those findings in relation to established theory and, hence, determining the theoretical significance of those findings.

As this project was particularly focussed upon understanding the *systemic* interactions between the employment relationship and employee rewards, the discussion here will tend to consider the links between the four ‘nodes’ of the model: context, ideology, process and rewards.

6.15.1. Context

Six propositions were set out relating to the anticipated effects of context:

1. Competitive and difficult product market conditions will tend to encourage unitarist management values and conflictual relationship patterns.
2. Competitive and difficult product market conditions may encourage either conflictual or cooperative processes.
3. Compositional change in internal labour markets may be associated with collective bargaining decline.
4. Fragmentation of external labour markets will lead to pressure on the internal equity priorities in collective bargaining.

5. Labour and product market conditions will influence pay setting decisions.
6. Work technologies that restrict employee autonomy will also tend to restrict cooperative processes.

6.15.1.1. Context → Ideology

Proposition one anticipated the development of unitarist management values and conflictual relationship patterns in the context of competitive and difficult product market conditions. This appears to have been borne out in FoodCo, where management's attitudes towards the union are clearly flavoured by the intense pressure that the organisation faces in product markets. Cost pressures, pushing productivity and the desire to cut waste are some of management's main priorities, and this runs straight into the union's defence of current pay policies and also their blunt strength, hence, their capacity to resist change. The frustration occasioned by this conflict is clear in the Finance Director's unitarism (Budd & Bhawe, 2008) and in his wish for an alternative model of employment relations in which employees and their representatives would be more enlightened about the competitive realities of the organisation. However, at the level of ideology, the union does indeed appear to have taken on board the implications of the competitive conditions (Walton & McKersie, 1965; Walton, 1985; Kochan & Osterman, 1994; Ackers & Payne, 1998), although this does not appear to have translated into fundamental changes in the processes of the relationship.

In PowerCo the pattern is somewhat different, although the proposition still appears pertinent, although perhaps rather as an historical effect rather than a current issue. Although PowerCo's product markets are currently buoyant, and thus provide a potentially fertile environment for cooperative employment relations attitudes and practices, the shared history of the parties has often been quite bleak. The overall impact of this factor on the ideology of the relationship is, therefore, likely to be complex and multi-layered. The metaphor of *pentimenti* (Adams & Ingersoll, 1990) helps to visualise this complexity, where more recent improvements in organisational fortunes underpin progressive management techniques, yet beneath more cautious undertones remain; relics of conflict and battles for survival. Such issues possibly inform the manner in which the current owners are still regarded as 'new' ten

year's after the transfer and why the union bargainers in particular feel the loss of influence associated with their increased distance from the centre of power and influence.

Beyond the impact of product markets, the findings suggest additional contextual effects upon parties' ideologies. In FoodCo, notwithstanding the successive periods of redundancy, turnover has been minimal for years. As a consequence the current workforce has been with the company for a long time, many having been with the company since its establishment. However, whilst the union attempts to highlight the positive aspect of this (loyalty), both management and union are aware that there are negative effects, primarily resistance to change. It is also clear that there is a discernible impact of the nature of the workforce upon the relationship patterns. Management trust and management friendliness both diminish in association with advancing years of service. Permanent staff, who are mostly long-serving compared to temporary staff, tend to have lower trust in both management and union. The degree of unionisation is also associated with more negative attitudes to management, although in line with much of the employee commitment literature (Klandermans, 1986; Guest & Dewe, 1988; 1991; Barling, Fullager & Kelloway, 1992) we also find that positive attitudes towards the union are reflected in positive attitudes towards management. Given the almost blanket coverage of the union here, it is perhaps this finding that is more relevant, rather than the association of union membership with a poor employee-management relationship pattern.

Longevity also appears to be significant at PowerCo, although here data was only available relating to bargainers' relationship patterns. Legitimacy, trust and friendliness appear to be stable and settled firmly around the accommodation pattern. This is an established relationship, amongst settled personalities, and even the most ideologically conflictual bargainers don't let that stand in the way of courtesy. Longevity also appears to have allowed the development of mutual understanding – perceptions of the other side are not so very different across these three dimensions from expressed attitudes.

This consensus, however, does polarise around motivational and action tendencies, with the union side particularly apprehensive about management's intentions. It may be that this dimension is particularly sensitive to current issues and recent events.

A further finding at PowerCo related to the manner in which particular characteristics of internal labour markets combine with the technologies and forms of work organisation within which that labour is employed: the professional staff have different forms of work and different relationships to the labour process to the shop floor employees. This results in divergent sources of conflict between the respective groups of employees and the organisation. We can also see divergence in the attitudes of bargainers, in which the representatives of the professional staff are markedly more ideological in approach whilst those of the shop floor are more pragmatic.

The final issues in respect of the union-management/management-union relationship patterns in both cases are: the extent to which both sides misinterpret each other and the gap between union-management and management-union relationship patterns. These may be explained by other links within the system.

6.15.1.2. Context → Process

Proposition two reflected the debate within the literature that competitive and difficult product market conditions might provoke either conflictual *or* cooperative employment relations processes. The situation at FoodCo illustrates these tensions in the debate about the response of the employment relations system to intensification in product market conditions. Whilst some have argued that such conditions require a cooperative turn in employment relations (Walton, 1985b; Kochan & Osterman, 1994; Ackers & Payne, 1998), others have pointed out that such cooperation may not withstand the buffeting of turbulent market conditions (Haynes & Allen, 2001; Oxenbridge & Brown, 2004) nor result in any distinct payoff for employees (Heery, 2002; Kelly, 2004). It has been suggested that the competitive product market effect on employment relations depends upon management's belief in the necessity of the union for achieving the desired changes in employee behaviour

(Deakin et al., 2002; Oxenbridge & Brown, 2002). In this instance it would be hard to avoid working with the unions, because of their strength and, whilst there appears to have been a union response at the ideological level (Walton & McKersie, 1965), this has not been matched by changes in the form of regulation. This may explain the finance director's frustration and his desire for a non-union turn.

As we have seen, the product market conditions at PowerCo are rather different to those at FoodCo. Whilst currently buoyant, and therefore no impediment to cooperative employment relations processes (Walton, 1985; Kochan & Osterman, 1994; Ackers & Payne, 1998), the understanding of the company's product market position has itself taken on a contested status within the distributive bargaining process. There is an ongoing to-and-fro concerning the appropriate locus and measures of success that should inform general pay review decisions: should the discussion be concerned with corporate or business unit profits; are constraints in pay level decisions located at corporate or business unit level. At one level this appears to be a negotiators' game of cat and mouse, although at another the apparent inflexibility in pay decisions raises longer-term concerns about the credibility of local pay bargaining – in spite of the staunch vocal defence of local independence from all bargainers.

Proposition three was concerned with the effect of compositional change within internal labour markets and its suggested link with collective bargaining decline. Compositional change was not evident in either case and both cases did, indeed, maintain a strong focus upon traditional distributive bargaining. The impact of workforce longevity, or stagnation, upon ideology has already been discussed; it may be the case that there are spin-off effects upon bargaining processes. The longevity of the organisations, their workforces and bargainers contribute to long organisational memories. This has cultural implications, some of which may be read off in ideological terms, but others which may be regarded in bargaining terms, like Deal and Kennedy's (1982) 'way we do things round here'. It is difficult to tease apart the relative influences of ideology and habit, for simplicity's sake it

may be appropriate to consider all of these issues alongside ideology whilst remembering that habit may be an important influence on bargaining process.

Proposition four considers the effect that work technologies that restrict employee autonomy will also tend to restrict cooperative employment relations processes, particularly those elements associated with integrative bargaining forms (Kochan & Osterman, 1994; Bélanger & Edwards, 2007). At FoodCo, the nature of work technology here may be identified as an inhibitor to innovation in employment relations and, indeed, cooperative processes were weak here. Cooperation was certainly limited to a bargaining elite (Geary and Roche, 2003) who were unable to deliver key innovations, such as the gainsharing proposal, in the face of principled employee opposition.

In PowerCo the work technology conditions for cooperative bargaining that Kochan and Osterman (1994) and Bélanger & Edwards (2007) posit appear to be in place. High skill, high discretion work technologies provide much cooperative potential, although these attributes are not evenly distributed throughout the workforce. Whilst there is evidence that the organisation is making use of various mechanisms for employee involvement, there is no attempt to marry the collective employment relationship with these production-focussed policies. The collective employment relationship concerns itself with consultation over employment issues, whilst employee involvement in production is limited to individual, task-centred questions à la HRM. As such we see various forms of regulation processes strung out along the continuum, though lacking an integrative outlet.

Postulating reasons for this absence might reasonably begin with the 1989 agreement. This agreement is held as a milestone for both cultural reasons and as a point at which a more positive employment relations climate originated. The particular bargaining outcomes of that agreement also have a strong sense of mutual gain. However, the form of that negotiation remained, behaviourally, distributive – as have subsequent negotiations. Raising the question directly as to the potential for further integrative movement elicits, from management, concerns about competence; and from the union a general lack of appetite.

Whilst the union's strength suggests its continuing relevance; the lack of appetite to extend the union role into integrative areas, and the inability of the union to force their agenda in distributive areas raise doubts about the longer-term direction of the relationship, particularly regarding the extent to which the union is seen by management as an essential element of their workforce strategy (Deakin *et al.*, 2002; Oxenbridge & Brown, 2002).

6.5.1.3. Context → Reward

Proposition five was concerned with the suggestion that fragmenting external labour markets will place pressure upon the internal equity priorities in collective bargaining. FoodCo's situation does not appear to reflect this suggestion. Whilst the workforce does not possess any intrinsic labour market advantages, such as rarity of skill, with which to reinforce their bargaining power, other factors have enabled them to retain a coherent internal labour market, resist outsourcing or the use of contract labour at lower rates of pay in contrast to many organisations in similar situations (Nolan & Walsh, 1995; Handel & Gittleman, 2004). Internal equity concerns rather than external labour market pricing are retained through the collective bargaining process (Grimshaw, 2000).

The objective strength of the union is one obvious factor, though the financial weakness of company is, counter-intuitively, of importance. FoodCo cannot consider radical re-structuring of its workforce because its redundancy obligations would now threaten the company's existence. As such, the organisation carries on with an ageing and relatively expensive workforce when its competitive strategies emphasise cost control. This stagnation is a factor in management's frustration over the ability to achieve greater flexibility and efficiency over their production strategies, and is manifested in a desire for 'fresh meat'.

At PowerCo the situation appears somewhat more complex than the proposition suggests. Whilst the internal labour market has retained its stability, it remains divided by longstanding distinctions in status and separate bargaining arrangements. The operations manager has suggested that there is an emphasis on internal equity comparisons amongst the workforce. Bargainers, however, almost all of whom have indicated an equity concern based

upon external labour markets (Nolan & Walsh, 1995; Handel & Gittleman, 2004), clearly do not share this. This external focus would not appear to be a response to fragmenting external labour markets so much as a reflection of traditional divisions within the internal labour market whereby the various sections of the workforce do not see each other as relevant comparators.

Proposition six considers the way in which labour and product market conditions influence pay setting decisions. The function of labour and product markets in reward setting is well established (Lupton & Bowey, 1974; Lawler, 1990; Gomez-Mejia & Balkin, 1992; Schuster & Zingheim, 1992; Lawler, 1995; Milkovich & Newman, 2005). Crudely put, the nature of an organisation's labour markets frames the decisions that organisation makes concerning the competitiveness of their rewards; whilst the nature of the organisation's success in product markets sets the limit upon the extent to which the organisation can resource those reward decisions.

In the absence of collective bargaining over rewards, we would be likely to see a direct link between *context* and *reward outcomes*, however in this instance all important reward decisions are located in collective bargaining. To this extent, the influence of markets will be mediated through the collective bargaining processes. This limitation of market influence under collective bargaining has been noted (Blanchflower, 1986).

At FoodCo, Brown's contention that product markets have a predominant effect upon pay-setting, bargaining structure and the contractual basis of the employment relationship (Brown, 1986; Brown, 1993; Brown *et al.*, 1998; Brown, Marginson & Walsh, 2001; Brown, 2008) would appear to be held in abeyance here. Product market pressures are intense, yet Kelly and Kelly's (1991) 'new industrial relations' has not been attempted here, nor have partnership forms. However, the retention of traditional forms of regulation does not negate these arguments; the pressures from the product markets *are* apparent, particularly the emphasis on cost control and the drive for increased flexibility (Grimshaw, 2000).

PowerCo maintains a lead salary market policy and a match benefits market policy. However, despite management engagement in benchmarking activities, these policies are not imposed unilaterally, they are interpreted through the distributive bargaining process. Indeed, the benchmarking data is, itself, contested by the union bargainers, who raise anecdotal and other substantive challenges to the ‘truth’ of the company’s market position as bargaining strategies.

6.15.2. Ideology

Whilst *context* linkages appear to operate in one direction, as those issues were largely fixed and derived from outside the employment relations system, most of the other aspects of the model appear to operate in a bi-directional manner. This is certainly true in the case of ideology, with two-way linkages discernible with *process* and *reward preferences*. As we have seen, parties’ ideologies might be utilised either as an internal guide to action or as a justification of behaviour (Budd & Bhawe, 2008). This role of ideology underlies its function as a source of stability in the relationship, if the parties hold similar values (Dunlop, 1993) and as a source of change (Kochan, Katz & McKersie, 1984; Poole & Mansfield, 1993; Poole *et al.*, 2005) and resistance to change (Kim & Voos, 1997) in the relationship.

6.15.2.1. Ideology ↔ Process

Six propositions were concerned with the interaction between ideology and process:

7. Unitarist management values will tend to be associated with non-union forms.
8. Unitarist management values will tend to be associated with the absence of distributive and procedural justice processes.
9. Low trust between parties or management ‘control’ ideologies will be associated with ‘shrewd’ bargaining with a narrow scope and conflictual processes; whilst trust between the parties or ‘commitment’ ideologies are associated with extending the scope of bargaining and cooperative processes.
10. Intraorganisational bargaining expectations restrict the potential for cooperation between bargaining agents. Conversely, closeness between bargainers is a source of intraorganisational conflict.
11. Desired relationship patterns may operate as specific bargaining objectives.

12. Historical bargaining outcomes may be reflected in parties' ideologies.

Proposition seven, then, links unitarist management values with non-union forms. This is clear in FoodCo, where the finance director plans for de-recognition and a form of company union. Management bemoan the union's 'detachment' from commercial realities and attempt to remedy this with an information sharing strategy. However, this approach is simply top-down, one-way communication. The absence a more sophisticated mechanism with which to engage the workforce, and of the union to heighten the priority of finding solutions to mutual problems, may also reinforce those unitarist managerial attitudes towards the union.

The relevance of this at PowerCo is less clear, primarily because there is not an obvious adoption of unitarist values, although the adoption of HRM practices and the commercial imperatives of the parent company appear to apply pressure in this direction. Whilst there is no decisive move away from the unions here, innovation in the employment relationship appears to have focussed away from the union in favour of dual-channel arrangements. This may also be influenced by management's doubts about the capability of the union bargainers to deal with non-employment related issues.

Proposition eight is concerned with the association between unitarist management values and the absence of procedural and distributive justice processes. At FoodCo the most obvious manifestation of this resulted, ironically, from the workforce's rejection of the union supported gainsharing scheme. The alternative 'voucher' scheme is both less lucrative and lacking in transparency, thus lacking in both distributive and procedural justice.

At PowerCo, whilst again noting the caveat concerning the uncertainty of 'unitarism' here, similar issues are apparent with regard to the lack of both generosity and transparency in the reward and recognition scheme.

Proposition nine suggests that low trust or control ideologies will be associated with shrewd bargaining, narrowing the scope of bargaining and conflictual processes. Conversely, cooperation and broadened bargaining scope will flow from higher trust and

commitment ideologies. Trust and mutuality have been singled out as significant factors in determining the nature of partnership relations (Guest & Peccei, 2001), if this is so then FoodCo management's progressive denial of legitimacy and limited trust of the union will hold back such developments here. The continued centrality of distributive bargaining and the absence of any move to integrative forms may be rooted in these ideological features.

From the union side, however, we find an apparent conundrum: a strong union with attitudes that are characterised by cooperation yet with no evidence of integrative bargaining. Part of the explanation has already been suggested in respect of the effect of product markets. We can see this aspect clearly here, despite favourable attitudes to management and an ostensible legitimisation of management priorities; the stated priority of the union is wage bargaining not mutual problem solving, a defensive response. The objective strength of the union may also explain the absence of crossover from positive ideology to cooperative regulation; the union doesn't really need to cooperate. Whilst Ackers and Payne (1998) have argued that cooperation might be a route for greater union centrality, this is not required when the union is already central and secure.

Cooperative processes may be predicated upon *mutual* trust, which is clearly not apparent here, and upon management's ideological preference to afford the union scope to cooperate, this has not occurred either (Haynes & Allen, 2001). If *management's* ideology for cooperation is of central importance (Dobbins & Gunnigle, 2009) then its absence here will have a debilitating effect on the potential for cooperation in process, regardless of union ideology.

At PowerCo distributive bargaining remains dominant though, in terms of delivering outcomes, it appears limited and ineffective, particularly given the apparent limitations set by the parent company, and in a broader historical sense seems to be something of a retreat from the potential suggested by the bravery of the 1989 agreement.

Looking specifically at the ideology, two patterns are apparent: the dominance of the accommodation pattern overall – particularly in relation to legitimacy, trust and friendliness;

and the polarisation of and mutual misconceptions around motivational tendencies attitudes. Observations about the impact of these patterns on employment relations processes might be suggested. The accommodation pattern does not preclude development towards more cooperative forms, as cooperation may exist simply in the absence of hostility (Dyer, Lipsky & Kochan, 1977). However, the simple absence of hostility does not necessarily indicate impetus towards such developments; Walton (1985), for example, predicates cooperation on the higher standard of ‘mutual commitment’.

The second feature is the polarisation of attitudes in motivational tendencies. We see the majority of parties (minus the staff representative, who is at the conflict end) at the cooperation end of the scale in expressed attitudes, but also see the majority of parties at the conflict end of the scale in perceived attitudes. Whilst the positive attitudes here might indicate strong potential for positive change, the other features may act as barriers. In terms of expressed attitudes the staff representative’s conflict orientation is significant. This bargainer has seniority on the union side, which translates into an informal leadership position; this colours the stance of the union side as a whole. The second feature is the perception of attitudes, which are notably sceptical – particularly from the union side. The unions’ belief that management mean them harm is a clear barrier to the development of cooperative processes and may lock in distributive processes (Boxall & Haynes, 1997; Boxall, 2008), as scepticism and mutual differences in motivational tendencies attitudes and perceptions will find a natural expression in distributive bargaining.

Proposition ten concerns the way in which *intra*organisational issues intersect with *inter*organisational bargaining. At FoodCo the distinction between the union’s professed cooperative ideology and the continuation of conflictual bargaining processes has already been discussed. In the absence of the translation of positive union attitudes into positive bargaining, those values become somewhat vacuous. It is not, then, too much of a surprise to find that the workforce’s opinion appears to be a rather even-handed disdain. This may explain the union’s emphasis on *intra*organisational control. Whilst it has already been

suggested that this will naturally tend to be a union issue rather than a management one, for reasons of organisational structure, it is also clear that the dislocation of union-expressed attitudes from bargaining behaviour will present an unclear picture to the union's membership. With this in mind, there will be a requirement to bring any such contradictions back into seeming consistency by means of intraorganisational control activities.

At PowerCo the rejection of intraorganisational bargaining may represent a barrier to cooperative interorganisational bargaining. The intraorganisational bargaining characteristics reflect the settled disposition of the relationship: the substantive and behavioural expectations of the workforce towards their representatives are largely met through the distributive bargain. Increased union centrality may be an outcome of cooperation (Ackers & Payne, 1998), here however, the union already appears to feel itself central enough.

Proposition eleven considers the way in which desired relationship patterns might translate into specific bargaining objectives. In both cases some indirect evidence of this phenomenon may be seen. In FoodCo management made use of various attitudinal-structuring behaviours, not ostensibly to alter the relationship pattern *per se*, but rather to encourage an awareness of competitive 'realities' and avoid potential disruptions to production. Management works harder at this issue than does the union, with a wider repertoire of activities, but it does so in a largely one-sided manner - to influence the union towards management positions, but not to locate the value of the relationship as of value in itself and so seek to accommodate attitudes favourable to the union. We may see this as a reflection of the Finance Director's unitarism, and of the associated pressures of the product market.

The union, by comparison, pays relatively little attention to attitudinal structuring, and those activities that are engaged in are more brutal, reflecting power bargaining rather than subtle influences. We may be seeing here a repeat of the dislocation between espoused union attitudes and their distributive bargaining priorities discussed earlier.

At PowerCo, management's relationship with the unions had been seen to improve from the days of 'civil war'; however, there seems to be little desire to enhance the relationship further in this direction. As such the relationship pattern appears fixed and left in a 'holding pattern'.

Proposition twelve reflects similar issues, as it is concerned with the effects of historical bargaining outcomes upon parties' ideologies. At FoodCo the gap between the union and management ideologies has been noted, with management expressing a more negative relationship pattern. We might seek to explain this negativity as a consequence of ongoing reverses in the bargaining arena (Fiorito & Hendricks, 1987), indeed the finance director draws attention to the regular above inflation pay awards in the absence of profits.

At PowerCo, the ideological impact of previous settlements appears to rest in the absence of any further substantial issues to resolve, previous bargains appear to have settled all of the big questions. Contemporary challenges are to be solved elsewhere than the collective relationship; management have adopted alternative, dual-channel (Charlwood & Terry, 2007) forms of involvement; there is little appetite on the union side and few sufficiently critical issues for management to resolve in an integrative manner. The statements of 'grudging acknowledgement' and 'acceptance of status quo' may be the most telling features here; the relationship is old and settled, most of its fundamental characteristics are in place. In the absence of some kind of shock it is difficult to see where pressure for change in the functioning of the relationship might come from.

The settled nature of the fundamentals of the relationship (trust, legitimacy, courtesy) requires little in the way of arm-twisting though attitudinal structuring activities. What arm-twisting is evident tends to be communal in nature, emphasising aspects that bind the sides together, with the partisan forms often rejected. Whilst union and management might have negotiated to change the face of the company in 1989, they have not changed the face of bargaining itself. As such, regulation activities and outcomes remain a well-trodden

path, requiring no effort on the part of the union to either change or obscure the acceptability of these activities in the perceptions of the workforce.

6.15.2.2. Ideology ↔ Rewards

Two propositions were concerned with the interaction between ideology and rewards:

13. Employees' values influence the interpretation of rewards – trust is associated with the acceptance of rewards.
14. Union adoption of alternative rewards enhances their legitimacy from management's perspective.

The link between ideology and rewards is not clearly established in the literature. The importance of mutual trust for the acceptance of rewards (Dalton, Stevens & Heneman, 1997; Heneman et al., 1997) has been asserted, as has the idea that employees' norms and values influence the interpretation of rewards (Bloom & Milkovich, 1995). Union cooperation has also been linked to the effectiveness of reward innovations (Kim & Voos, 1997). Links from rewards back to ideology have also been noted: that union adoption of alternative rewards increases their legitimacy in the eyes of management (Karimi & Singh, 2004); and that bargaining failure influences ideological militancy (Fiorito & Hendricks, 1987). However, the mechanism for these links has not always been clear (Bloom & Milkovich, 1995). The explicit identification of reward preferences here is intended to assist the interpretation of these links.

With regards to **proposition thirteen**, at FoodCo the link between ideology and reward preferences is complex, and not entirely clear in the sense that reward preferences can be 'read off' from the espoused ideology. There are clearly important associations between ideology and reward preferences, as has been established in the employee survey data. However, the patterns can be quite confusing, for example: the FTO and convenor express similar ideologies, yet are significantly apart in reward preferences; the finance director trusts the convenor much more than he does the FTO, yet his reward preferences are much closer to the FTO's than the convenor's; there are statistically significant associations

between employee-management relationship pattern variables and numerous reward preference variables, yet the nature of that association is inconsistent.

So how are we to make sense of this linkage? One might attempt to dismiss the linkage in entirety, making nonsense of the traditional claim that ‘pay is the fundamental expression of the employment relationship’, though to do so would seem foolish in the light of the employee survey analysis. Another way of making sense of this relationship might be to consider two analyses from the case study: the comparison of the relative success of parties within the relationship regarding rewards; and the coalitions of reward preferences.

When we look at the relative success of the parties in realising their reward preferences the distinction between the parties is striking. The union parties are much more successful than either management or employees, with employees being by far the least successful of all. By making this comparison we can see that the parties exhibiting the least positive attitudes in ideology are the biggest losers in reward outcomes. The converse is also true, the union parties who are the biggest winners, espouse the most positive attitudes in ideology. This may simply be a reflection that it is easy to be magnanimous in victory, but less so in defeat. This finding is consistent with Fiorito and Hendricks (1987). It is important to note that reward *preferences*, as such, may not be particularly meaningful, but provide meaning in the light of reward *outcomes*.

The other way of explaining this issue is to focus upon particular reward preferences as an alternative to the broad perspective of the algorithmic-experiential typology. By doing so one can identify the existence of certain coalitions of preferences that may provide the underpinning of solidarities of interests around particular reward issues. However, in doing so one uncovers as many anomalies as solutions. As discussed earlier, there are three strong coalitions of preferences: FTO - Convenor; FTO - Management; Management - Employees - therefore an absence of strong coalition between: FTO - Employees; Convenor - Employees; Convenor - Management. Whilst the presence of the strong coalition between FTO and Convenor would explain the strong affinity between them; the coalitions between FTO and

Management and Management and Employees run counter to the espoused relationship patterns. Similarly, whilst the absence of strong coalitions between FTO and employees and Convenor and Employees would explain the absence of affinity in the relationship patterns, the absence of a strong coalition between Convenor and Management runs counter to the positive attitudes in that relationship.

This is perplexing, however it may simply be the case that all of the parties are operating with incomplete knowledge of the others', or even of a self-conscious appreciation of their own position in respect of these issues. Indeed, this state of affairs will almost certainly be connected to the nature of the bargaining process here.

Similarly, at PowerCo the comparison between ideology and success in rewards is illuminating and the pattern is clear: parties with the least positive attitudes in ideology are the biggest losers in rewards whilst the most successful party holds the most positive attitudes (Fiorito & Hendricks, 1987). It makes little sense to explain the direction of causality (in the presence of distributive bargaining processes) from attitudes → rewards success – this would certainly run counter to existing game theory explanations (Walton & McKersie, 1965). However, success in reward outcomes could easily influence ideology in terms of: satisfaction and magnanimity, or conversely frustration and mean-spiritedness.

Reward preference coalitions also appear to be in some kind of relationship with relationship patterns. Whilst the relationship patterns have only been presented in respect of union vs. management, making a similar restriction with regards to reward preference coalitions uncovers a similar pattern. As discussed above, the relationship patterns, starting with most conflictual, went from: staff representative → administrative representative → works representative/FTO → manager. Similarly, the strength of reward preference coalitions with the manager, starting with the weakest, went from: administrative representative → staff representative → FTO → works representative. In broad terms, more positive relationship patterns appear to be related to stronger reward preference coalitions.

These two explanations are related to each other and simply reflect different ways of looking at similar data. However, it appears that ideology and reward preferences are related to each other. The nature of that relationship appears to be at least partly linked to the successful achievement of reward preferences, through employment relations processes.

Proposition fourteen is concerned with the suggestion that union adoption of alternative rewards enhances their legitimacy in the eyes of management. At FoodCo there was little evidence of this being so. This may be a result of the failure to deliver the gainsharing scheme. Whatever credit management may have ceded the union for its agreement would likely not be sustained if they were not able to carry this with their principles.

Similarly at PowerCo the adoption of alternative rewards did not seem to reflect back favourably in terms of ideology. Indeed, the negotiation of the reward and recognition scheme was problematic, particularly on the staff side, and remains a point of contention in terms of its ongoing operation. The flexibility agreement, by comparison, appears to be regarded as a proper example of problem solving.

6.15.3. Process

Process issues are clearly at the heart of the connection between the employment relationship and reward outcomes under collective bargaining because it is the formal interface between the two. The nature of that connection is also clearly complex, involving interactions with ideology and with the parties' reward preferences. The most straightforward interaction, however, is the primary one - between process and reward outcomes.

6.15.3.1. Process ↔ Reward Outcomes

Five propositions are associated with this interaction:

15. Cooperative processes are associated with lower pay levels.
16. Militancy is associated with union bargaining success.

17. Collective bargaining decline is associated with steeper wage inequalities and hierarchies.
18. Collective bargaining decline is associated with grade broadening.
19. Collective bargaining decline is associated with declined union justice effects in rewards.

Of these five, only two (fifteen and sixteen) were relevant to these two cases because of the absence of collective bargaining decline.

Propositions fifteen and sixteen are concerned with the suggestion that cooperative processes are associated with lower pay levels, whilst militancy leads to union bargaining success.

At FoodCo the nature of reward outcomes, summarised as ‘algorithmic-algorithmic-algorithmic’ (Gomez-Mejia and Balkin, 1992), we need to regard that primarily in relation to a distributive bargaining process, which is in turn influenced by the strength of the union and the stagnation of the workforce. Various studies have linked change in reward outcomes to changes in the bargaining process (Walsh, 1993; Brown, Marginson & Walsh, 1995; Heery, 2000). Here, conversely, the bargaining process has remained fixed and so, therefore, have the rewards. Simply put, the current reward system here is the result of a long defensive battle on the part of the union. Where we might distinguish it from the changes widely achieved in reward systems over the last twenty years or so is in the strength and resilience of the defensive organisation. Whilst reward innovations across the economy have been counterpoised to collectivism and unionisation (Gomez-Mejia & Balkin, 1992; Brown *et al.*, 1998; Gunnigle, Turner & D’Art, 1998), strong collectivism and unionisation has resisted change. To this extent, change has been slow and difficult, pay levels remain above market and the union bargainers are the most successful.

Another interesting feature of the reward outcomes is their dislocation from the desires of majority of the parties here. It is not only management who appears disgruntled with reward outcomes; employees are particular losers in this regard. The point that successful reward innovations require shared trust (ideology) and participation (process) on

the union side (Dalton, Stevens & Heneman, 1997; Heneman et al., 1997) also applies to their acceptance by employees (Cox, 2000).

As we have seen, it is only the convenor who achieves modest success in the comparison of preferences to practice, the other parties by and large simply don't get what they would prefer. Whilst, to some extent, this supports Bacon and Blyton's (2007) contention that mutual gains can only be achieved through conflictual process styles, there appears to be some degree of distinction between the union convenor's gains and those of the employees. It would be relatively easy to cast the convenor as the villain of the piece, protecting sectarian interests against the greater good. However, the truth appears to be a little more complex and is more closely connected to the kinds of behaviours distributive bargaining requires, which run counter to the need for shared trust and participation.

At PowerCo distributive bargaining defines this aspect of the employment relationship, although the distributive bargain appears to have taken on a different characteristic under current ownership and the impact of strong local distributive bargaining appears to have been trumped by global corporate ownership.

Despite considerable local strength, the union appears to be unable to make much headway in negotiations. The limitations placed on management by the parent company prevent any significant flexibility on the part of local management in respect of core substantive issues. Recent years of negotiations have often been concerned with finding alternative 'sweeteners' (usually benefits) to compensate for the lack of progress in pay levels. There is a sense of frustration, particularly on the union side, concerning their perceptions of increased distance from the real centre of power and their inability to force change. Indeed, considering the prominence placed, by all sides, on the centrality of the *local* employment relationship, the increasing *global* focus for decision-making must be placing the relationship under considerable strain (Oxenbridge & Brown, 2004).

Recent developments in regulation processes have tended towards dual-channel mechanisms. Unionised, collective employment relations processes appear to have been

firmly limited to traditional 'employment' issues; whilst a management-individual employee nexus remains the focus for production and wider organisational issues. The reward and recognition scheme has been the subject of drawn out negotiations and remain contentious in its operation. Management have also, apparently attempted to circumvent the union channel in order to facilitate certain innovations. This would seem to reinforce the presumption that reward innovations counterpoise collectivism (Gomez-Mejia & Balkin, 1992; Brown *et al.*, 1998; Gunnigle, Turner & D'Art, 1998), and that strong collectivism and unionisation will tend to resist change (Bacon & Blyton, 2007); even if the strength of the local union does not appear to be sufficient to overcome that of the multinational parent (Oxenbridge & Brown, 2004) in pursuit of change. However, the development of the flexibility scheme appears to have been the result of a more integrative process and continues to be well regarded by the parties, supporting Kim and Voos' (1997) observation that union involvement improved the functioning of reward innovations.

There appears to be potential for development evidenced by communal attitudinal structuring and the bravery of previous, groundbreaking agreements. However, for the most part, the form of regulation seems to suffer from a stylistic logjam, perhaps rooted in ideology, which appears to prevent a new style of employment relations process from emerging. Trust and participation (Dalton, Stevens & Heneman, 1997; Heneman *et al.*, 1997; Cox, 2000) may be important features of a more conducive employment relationship.

In this context it is not surprising to find management substantially more satisfied with the overall shape of the reward system than the unions, despite the strength of the union organisation. The pattern of satisfaction and dissatisfaction is not consistent, however. Both sides are dissatisfied for similar reasons with basis for pay practices; whilst the two sides show much less dissatisfaction with design issues. The area of clearest divergence is in the administrative framework. These distinctions provide a number of potential areas for mutual benefit change in rewards – opportunities for the collective employment relations processes to deliver cooperative, mutually beneficial outcomes.

6.15.3.2. Process ↔ Reward Preferences

One proposition is associated with this interaction:

20. Parties' substantive expectations in rewards are a barrier to cooperation between bargainers.

At FoodCo there was evidence of this being the case, particularly to the extent that the union convenor's substantive expectations appeared to operate as something of a roadblock. However, the way in which this was operationalised needs to be understood in the light of the nature of the behaviours associated with distributive bargaining, and the patterns of parties' reward preferences.

The retention of a dominant distributive bargain results in certain bargaining behaviours. One of the most significant of these is the desire to protect one's ultimate bargaining position from view (Walton & McKersie, 1965). As discussed earlier, various coalitions of reward preferences exist between unlikely bedfellows and there is a disjuncture between ideology and preferences. This disjuncture may well be a function of distributive bargaining - where close control of information is of prime importance, where communication is constrained, and where the process is naturally closed to outsiders. In this context, particularly in a situation where the fundamental strength of the bargaining parties remains in balance, there is little incentive for parties to re-visit their basic premises. To this extent it is understandable that bargaining objectives can become detached from the changing preferences of one's principals. These intraorganisational tensions have been noted in relation to concertation under partnership (Martínez Lucio and Stuart, 2002; Geary and Roche, 2003b; Martínez Lucio and Stuart, 2004; Oxenbridge and Brown, 2004; Suff and Williams, 2004; Wills, 2004). However, previous studies have tended to note the shift in union objectives towards those of management in order to secure legitimacy or centrality. Here we find union objectives entrenched, whilst employee objectives appear closer to management.

In the absence of an open forum in which these issues can be expressed, how would those priorities be established? Data from the union parties has made clear that opposition to the established position from the union side tends to come from those who ‘talk a good fight’. This opposition is resisted, and yet substantial change in rewards is still not achieved, that is, the change in an experiential direction predominantly desired by the workforce is not agreed.

At PowerCo there is much agreement between the bargaining parties, however there is also substantial dissatisfaction predominantly, though not exclusively, on the union side. This dissatisfaction appears to feed frustration which is linked to less positive ideological outcomes. This frustration is rooted in the selection of bargaining issues around which there is clear divergence of interests. The distributive bargaining process in which these issues are considered brings together a strong union and a management with limited scope for flexibility, the result often being mutually unsatisfactory. The distributive bargaining process does not appear to facilitate the translation of mutual bargaining interest into outcomes, despite favourable attitudinal structuring conditions.

The potential to develop a different bargaining experience, built upon the achievement of shared interests is there, although both the subject and style of the bargaining would need to alter in order to realise this potential.

Chapter 7 Conclusions

7.1. Introduction

This chapter will seek to draw together the threads of the argument developed in the preceding sections of the study. In particular it will attempt to construct a coherent narrative from the findings set out in the chapters dealing with the two case organisations.

The achievement of the study's aims will also be considered, as will its limitations and suggestions for further, related studies.

7.2. Research aims

In chapter three the argument was made for selecting cases for this study on the basis of similarity. This decision was based upon various reasons, though particularly to allow us to understand the role of agency in the interactions that are under consideration here. There is interplay of beliefs, behaviours, practices and outcomes within employment relationships; the parties contribute to the relationship through the choices that they make. The intention in this study was to enable those choices to be seen; to understand how alternative interventions might affect the wider systems.

Having discussed the cases themselves in previous chapters, it is appropriate to re-state the aims of the study and to consider these aims in relation to both cases. The research question was set out in chapter one, identified as an exploratory study to theorise the interaction of employment relationships and employee rewards systems in two unionised private sector organisations. The aims of the study are:

1. To explore the influence of organisations' context upon their employment relationships and reward systems.
2. To investigate how the values and beliefs of employment relations parties interact with other aspects of the employment relationship and with the reward system.
3. To examine nature of employment relations processes and their connection to the reward system.

Each case has already been considered from the perspective of these aims; it is now appropriate to discuss the degree of commonality found between the cases.

7.2.1. Context

With this in mind, ostensibly similar cases were found and accessed. In line with the research question both were private sector unionised organisations in which the level of pay setting was congruent with the employment relationship; at the level of the business unit. As discussed in chapter three, this tended to imply that the organisations were also likely to be drawn from the manufacturing sector. The use of key informant advice, in this case from union officials, tended to highlight cases where there was a relatively strong union organisation.

Other basic similarities in the nature and context of the organisations emerged during the course of the fieldwork. In both cases there was a degree of stagnation in the workforce. They were ageing and had been with their respective employers over a considerable period, in some cases having spent their entire careers there. This stagnation tended to be perceived as problematic to varying degrees by the parties as an impediment to change in work practices or as the source of entrenched attitudes. This common issue tended to be highlighted for different reasons in the respective organisations. Change was more of an issue in FoodCo, whereas in PowerCo the long service was often valued for its association with skill acquisition. In PowerCo, by comparison, the problems of stagnation tended to be connected with the heritage of conflict in the organisation.

These workforce characteristics were reflected in common features between the bargaining parties. In both cases the relationships were longstanding. The bargainers were able to place the relationship in an historical context that could be traced back over decades. Whilst in both cases at least some of the bargainers could locate their personal involvement for at least 20 to 30 years, in PowerCo the industrial relations heritage also stretched back much further, incorporating figures of prominence and events of importance for the local and national labour movement. In this organisation, their heritage appeared to have some significance for both sides: for certain union representatives there was an awareness of having a role in this tradition, of retaining an authenticity in respect of previous incumbents of the role; for management, however, this heritage was perceived to be something to resign to history, rather than to hark back to.

There were also some important differences between the organisations. The most obvious distinction was concerned with the nature of work and work technology. FoodCo represented relatively low skill, production line, low value-added technologies, whilst PowerCo was at the opposite end of the manufacturing spectrum in terms of skill and value-added. PowerCo possessed rare, sometimes unique, skills across the organisation. This has implications for the labour market position of *all* PowerCo employees, though there were, additionally, important distinctions between sections of the workforce, principally between the 'shop floor' engineers and the 'staff'. These differences were reflected in distinct employment relations approaches, which added an additional dimension to the analysis here, whereas at FoodCo, with the exception of a handful of maintenance engineers, the unionised workforce had broadly similar skill characteristics.

The two organisations enjoyed very different product market conditions. FoodCo was involved in an ongoing fight for survival in a fiercely competitive market, dominated by the decisions of the major supermarket chains, whilst possessing dwindling financial reserves. The company's competitive strategies were, consequently, focussed upon cost control and expansion through acquisition of high volume, low margin contracts. PowerCo,

in contrast, was able to leverage substantial value from its intellectual property and was also part of a huge multinational conglomerate. Despite these apparently distinct positions, both organisations shared one other characteristic; the lack of capacity for employer-side flexibility over the terms of the employment relationship. Whilst FoodCo's financial predicament was an obvious impediment in this regard, PowerCo's stemmed from its ownership structure. Its status as a business unit within a wider organisation translates to a lack of independence. Both circumstances lead to limitations in the room for manoeuvre available on the employer side of the relationship, which manifests in various expressions of frustration and conflict.

7.2.2. Ideology

Both cases were notable for the predominance of moderation and pragmatism on the union side. Whilst not a universal phenomenon, union bargainers were typically found to be at least as cooperative as management, usually more so across the two organisations. Management at FoodCo tended to *profess* more adversarial attitudes than their union counterparts; whilst at PowerCo the *perception* that management were adversarial was apparent from the union side rather than professed by management.

It is notable that the 'motivational orientation' attitudinal dimension appeared to most polarise the parties. At FoodCo, the parties' professed attitudes were further apart on this dimension than on any other. At PowerCo, this was the only dimension where there was a substantial and widespread difference between professed and perceived attitudes. In chapter five it was suggested that this might point out some specific significance of this particular dimension. The similar polarisation of attitudes around this dimension at FoodCo indicates that this may be a reasonable conclusion to draw.

The nature of the attitudes involved in this dimension draw attention to parties' actions and the extent to which they are helpful to the other side. By comparison, the other dimensions are relatively abstract, dealing with questions of legitimacy, trust and friendliness. The action orientation of the first dimension may draw attention to 'current

issues' in the relationship, potentially highlighting areas of disagreement; whereas the other dimensions encourage parties to reflect on the nature of their attitudes to each other on the basis of a longer time frame, potentially moderating those attitudes. Indeed, in both cases there were apparent issues concerning the pensions schemes and pay awards that would tend to polarise attitudes in this way.

7.2.3. Process

Distributive bargaining remained the predominant employment relations process in both FoodCo and PowerCo and the annual pay bargain was the main event in the relationship. There were, however, substantial frustrations felt by bargainers concerning the outcomes of this process. At FoodCo the ongoing award of pay increases at or above inflation dismayed management in the continuing absence of profits, whilst at PowerCo the inability to extract significant pay increases dismayed the union. Despite these frustrations, neither side expressed any desire to innovate in the form of regulation; that is there was no move towards collective, integrative, problem solving. In both cases, however, management initiated innovation unilaterally, and these innovations circumvented the collective relationship, opening up dual-channel mechanisms; PowerCo being relatively more sophisticated than FoodCo in this regard.

It is interesting that, despite the limitations identified within their current collective forms of regulation, and despite the existence of other potentially favourable characteristics, the reform of the collective relationship was not considered a viable alternative to the development of management driven structures. One might surmise that this reticence was due to FoodCo management's unitarism and distrust of 'third parties', whilst PowerCo's heritage of conflict may be significant in this regard.

Attitudinal structuring in both organisations was communal in nature, although parties utilised it differently between the cases. Management was the most active attitudinal structuring bargainer in FoodCo, whilst management was the least active bargainer in PowerCo. The extent of the union response to attitudinal structuring differed between the

cases: FoodCo's union took a role in legitimising management's change priorities (Oxenbridge *et al.*, 2005), whilst this was not apparent at PowerCo. In both organisations the longevity of the bargaining relationship, and of the personal nature of the relationships between bargainers was an important factor.

Intraorganisational bargaining differed between the cases. Whilst this, if anything, is an issue for the union rather than management, PowerCo unions tended not to engage in this activity to a significant degree, whereas the FoodCo union was more active in this regard. Taking account of both cases, only overt variants of this type of bargaining were endorsed, with covert variants being rejected.

7.2.4. Reward outcomes

Comparing the reward practices of the case organisations (Table 22) exposes some differences, although the predominant patterns are relatively similar. If we take the reward systems as a whole, the algorithmic pattern predominates (20 practices) along with a number of mid-point practices (9), whilst only ten experiential practices can be found between the two organisations.

The only significant differences between the two systems can be found under basis for pay items, where PowerCo's reward and recognition scheme is reflected in some experiential practices. These outcomes are broadly consistent with expectations for reward systems under the influence of unionised collective bargaining (Gomez-Mejia & Balkin, 1992: 330). However, this explanation of the patterns in the reward systems appears to be somewhat simplistic when the reward preferences of the parties are considered.

Table 22. FoodCo and PowerCo reward practices

Compensation strategy		
Basis for pay	Algorithmic	Experiential
Unit of analysis	Job	Skill
Criteria for pay increases	Tenure	Performance
Level of performance measurement	Individual	Individual and aggregate
Time orientation	Short-term	Long-term
Risk sharing	Low	High
Strategic focus	Corporate	Division and business unit
Equity concern	Internal consistency	Market driven
Reward distribution	Hierarchical	Egalitarian
Type of control	Monitor of behaviours	Monitor of outcomes
Design issues	Above market pay	Below market pay
Salary market policy	Above market benefits	Below market benefits
Benefits market policy	Low	High
Incentives in pay mix	Low future potential with higher immediate payoff	High future potential with low immediate payoff
Total compensation	Fewer rewards with low frequency	Multiple rewards with high frequency
Reinforcement schedule	Non-monetary	Pecuniary
Reward emphasis	Administrative framework	Centralized pay
Decision making	Centralized pay	Decentralized pay
Pay disclosure	Low	High
Governance structure	Authoritarian	Participative
Nature of pay policies	Bureaucratic	Flexible
Superior dependency	High	Low

Reward practices
 — FoodCo - - - PowerCo

Sources: organisational documents (pay, structure, pay survey, collective agreements); interviews with bargainers

7.2.5. Reward preferences

There is a presumption that union parties will tend to prefer algorithmic rewards (Gomez-Mejia & Balkin, 1992; Heery, 1996; Heery, 2000; Milkovich & Newman, 2008). The pattern of expressed reward preferences in these cases tends not to bear this out. Of the six union bargainers in this study, only one (PowerCo Admin Rep) demonstrates a clear preference for algorithmic practices, even then only by a margin of three over experiential practices. Two of PowerCo's other union parties favour experiential practices, whilst one other favours practices at the mid-point between the two. FoodCo's union parties are effectively split in their support for algorithmic and experiential practices (favouring algorithmic practices by the smallest possible margin).

This pattern is more apparent when only looking at the preferences of union parties regarding current practices of which they disapprove. Only PowerCo's Admin Rep expresses a desire for a more algorithmic direction amongst those practices of which he disapproves, all other union parties tend to desire a more experiential direction, often by a substantial margin.

7.3. Developing an explanatory model

A number of theoretical propositions were developed from the review of the literature and presented in section 3.4.2. These propositions indicate the nature of the relationship between the various aspects of the model. The extent to which those propositions have been found to be pertinent in the light of empirical data from the cases will be highlighted below, as will areas where the data suggests the extension of existing theory.

7.3.1. Proposition one

The driving force of product market pressures towards a more unitarist management ideology has been widely discussed (Bassett, 1986; Kelly and Kelly, 1991; Heery, 1993; Knell, 1999). Evidence of this effect was found in both cases: positively in FoodCo, inversely in PowerCo. However, additional influences upon ideology were apparent. Longevity appeared to be significant: for employees at FoodCo it appeared to sour attitudes towards both union and management, whilst between the bargainers it had a more nuanced impact. Where bargainers had dealt with each other over a long period there appeared to be a multi-layered effect in which, whilst personal relationships were courteous or even friendly, the current employment relationship would be interpreted through an historical lens, incorporating previous successes and failures.

7.3.2. Proposition two

Product market pressures were also considered in terms of their effect upon employment relations processes. It has been suggested that the intensification of product markets require a cooperative turn (Kochan and Osterman, 1994; Walton, 1985b; Ackers and Payne, 1998) whilst other have pointed out the inappropriateness of such a response for

various reasons (Hayne and Allen, 2001; Heery, 2002; Kelly, 2004; Oxenbridge and Brown, 2004). In FoodCo, where product markets were most difficult, whilst the union appeared to take a cooperative turn at the ideological level, in terms of process the situation remained traditionally conflictual. In PowerCo, such market pressures were less intense and equally did not appear to alter the nature of process.

7.3.3. Proposition three

Changes in labour markets, particularly in their composition, have been associated with effects on employment relations processes, typically with the decline of collective bargaining along with other linked effects (Nolan and Walsh, 1995; Brown *et al.*, 1998; Grimshaw, 2000; Haynes and Allen, 2001; Metcalf, Hansen and Charlwood, 2001; Terry, 2003; Handel and Gittleman, 2004).

In both cases there was no evidence of change in labour market composition and no change in the nature of collective bargaining. To this extent, whilst the proposition is not supported, it can be asserted that the absence of labour market change may be associated with the durability of collective bargaining.

7.3.4. Proposition four

The suggestion that cooperative processes will tend to be associated with work technologies that permit employee autonomy (Kochan and Osterman, 1994; Belanger and Edwards, 2007) found some support here. In FoodCo the production line technologies may be associated with employee resistance to cooperation, even when supported by their union. In the more autonomous technology environment of PowerCo, cooperation was indeed evident, although this appeared to take the form of HRM initiatives rather than collective, integrative approaches.

7.3.5. Proposition five

The suggestion that fragmenting external labour markets would place pressure upon traditional internal equity considerations (Nolan and Walsh, 1995; Grimshaw, 2000; Handel and Gittleman, 2004) was considered. In FoodCo, these pressures were evident, though

resisted because of the strong union and the weak financial position of the organisation. In PowerCo the equity focus of bargainers tended to be external because of the nature of the workforce.

7.3.6. Proposition six

The effect of labour and product market conditions upon pay setting decisions is well established (Lupton & Bowey, 1974; Brown, 1986; Lawler, 1990; Gomez-Mejia & Balkin, 1992; Schuster & Zingheim, 1992; Brown, 1993; Lawler, 1995; Brown *et al.*, 1998; Brown, Marginson & Walsh, 2001; Milkovich & Newman, 2005; Brown, 2008). At FoodCo these market conditions appear to be held back by the strength of collective bargaining (Blanchflower, 1986). This interaction would appear to reinforce management's unitarist ideology, noted earlier. At PowerCo these market conditions do inform pay setting decisions, although they are interpreted through the collective bargaining process, and the market data is, itself, contested, once again supporting Blanchflower's (1986) contention.

7.3.7. Proposition seven

The association between unitarist management values and non-union forms (Kochan, Katz and McKersie, 1984; Poole and Mansfield, 1993; Poole *et al.*, 2005) was considered. At FoodCo this was apparent and appeared to be part of a series of interactions. Management's inability to enforce changes because of resistance in collective bargaining reinforced a unitarist ideology and, hence, a desire for union de-recognition. At PowerCo unitarist ideology was not clearly evident, and there was no move towards non-union forms for employment issues. Production issues, however, were pursued through HRM processes.

7.3.8. Proposition eight

The association between unitarist management ideology and the diminution of procedural and distributive justice (Heery, 1996; 1997a; 1997b; 2000) was considered. At both FoodCo and PowerCo this was apparent.

7.3.9. Proposition nine

The relationship between trust or ‘control/commitment’ ideologies and the nature and scope of bargaining was considered (Boxall and Haynes, 1997; Guest and Peccei, 2001; McBride and Stirling, 2002; Boxall, 2008; Dobbins and Gunnigle, 2009). At FoodCo, cooperative ideology on the union side did not translate into cooperative bargaining nor broaden the scope of bargaining. Two possible further interactions might explain this: firstly, the objective strength of the union, which reduces the motive for cooperation, and the absence of mutual ideological commitment.

At PowerCo complex patterns of conflict/cooperation were apparent in attitudes and perceptions. The absence of cooperative and ‘broad’ bargaining may be associated with the more conflictual ideologies on the part of the union senior representative or in the widespread union belief that management mean to do them harm. Across both cases it would appear that the achievement of cooperative bargaining is more than simply ideological.

7.3.10. Proposition ten

The tensions between *inter*-organisational and *intra*-organisational bargaining have been widely discussed (Martínez Lucio and Stuart, 2002; Geary and Roche, 2003b; Martínez Lucio and Stuart, 2004; Oxenbridge and Brown, 2004; Suff and Williams, 2004; Wills, 2004). At FoodCo, whilst substantial interorganisational cooperative bargaining was not apparent, the disjuncture between professed ideology and bargaining practice did appear to require some use of intraorganisational behaviours in order to balance union member ideologies. At PowerCo, union rejection of intraorganisational bargaining may represent a barrier to cooperative interorganisational bargaining.

7.3.11. Proposition eleven

Walton and McKersie’s (1965) suggestion that desired relationship patterns might be seen as specific bargaining objectives was considered. In FoodCo, management’s use of attitudinal structuring strategies appeared to support this proposition, although the nature of

those strategies appeared to suggest that the objective was not the quality of the relationship but rather the substantive benefits that might flow from it. In PowerCo little evidence of this could be seen.

7.3.12. Proposition twelve

Fiorito and Hendricks (1987) argument that historical bargaining outcomes continue to influence ideology was considered. At FoodCo the union's ideology was more positive than management's and this may be regarded as a reflection of their relative bargaining success over the years. At PowerCo this equation is more nuanced, with both sides feeling that the major bargaining issues have been settled and this being reflected in a similarly 'settled' ideological position.

7.3.13. Proposition thirteen

The influence of ideology upon the acceptance and interpretation of rewards was considered (Bloom and Milkovich, 1995; Dalton, Stevens and Heneman, 1997; Heneman *et al.*, 1997). At both FoodCo and PowerCo the link between ideology and reward could be explained when taking account of parties' professed reward preferences. Greater congruence between reward preference and reward outcome appeared to be reflected in more positive ideology.

7.3.14 Proposition fourteen

Karimi and Singh's (2004) suggestion that union adoption of alternative rewards might lead to enhanced legitimacy was not evident in either FoodCo or PowerCo.

7.3.15. Propositions fifteen and sixteen

There has been substantial discussion as to whether the adoption of cooperative processes results in reduced rewards and, conversely, whether militancy results in union bargaining success (Cutcher-Gershenfeld *et al.*, 2001; Bacon & Blyton, 2002; Kelly, 2004; Samuel, 2005; White, 2005; Bacon & Blyton, 2006; Bacon & Blyton, 2007; Geary, 2008; O'Dowd & Roche, 2009; Roche, 2009;). At FoodCo, under staunchly distributive bargaining, the union remains the most satisfied party. At PowerCo, the strength of local

unionism has been blunted by the power of the parent company resulting in something of a logjam. Defensive power appears more pertinent on both sides here, though the opportunity for positive developments through the collective relationship appears limited.

7.3.16. Propositions seventeen to nineteen

There was no decline in collective bargaining observed in these cases.

7.3.17. Proposition twenty

The extent to which parties' substantive reward expectations represent a barrier to cooperation between bargainers was considered (Walton and McKersie, 1965; Dyer *et al.*, 1977; Martínez Lucio and Stuart, 2002; Geary and Roche, 2003b; Martínez Lucio and Stuart, 2004; Oxenbridge and Brown, 2004; Suff and Williams, 2004; Wills, 2004). At FoodCo there was evidence of this, with particular regard to the union convenor's expectations. The particular bargaining behaviours associated with distributive bargaining appear to prevent the re-examination of these expectations and so, in itself, might constitute a barrier to cooperation.

At PowerCo, other feedback loops appeared to be in operation. Despite grounds for substantive agreement, dissatisfaction in ideology leads to priority being given to those areas where interests diverge, resulting in a conflictual bargaining process.

The coincidence between the propositions and the findings is summarised in Table [23](#).

Table 23 The degree of congruence between propositions and evidence from the cases

Extent to which propositions are supported by case evidence		
Proposition	<i>FoodCo</i>	<i>PowerCo</i>
1	Yes	Inverted
2	No	No
3	Inverted	Inverted
4	Yes	Inverted, partial
5	Partial	Not applicable
6	No	Partial
7	Yes	Inverted, partial
8	Yes	Yes
9	No	Yes
10	Partial	Inverted
11	Partial	No
12	Yes	Yes
13	Yes	Yes
14	No	No
15	Inverse	Inverse
16	Yes	Yes
17	Not applicable	Not applicable
18	Not applicable	Not applicable
19	Not applicable	Not applicable
20	Partial	Partial

7.4. Summary and key theoretical conclusions

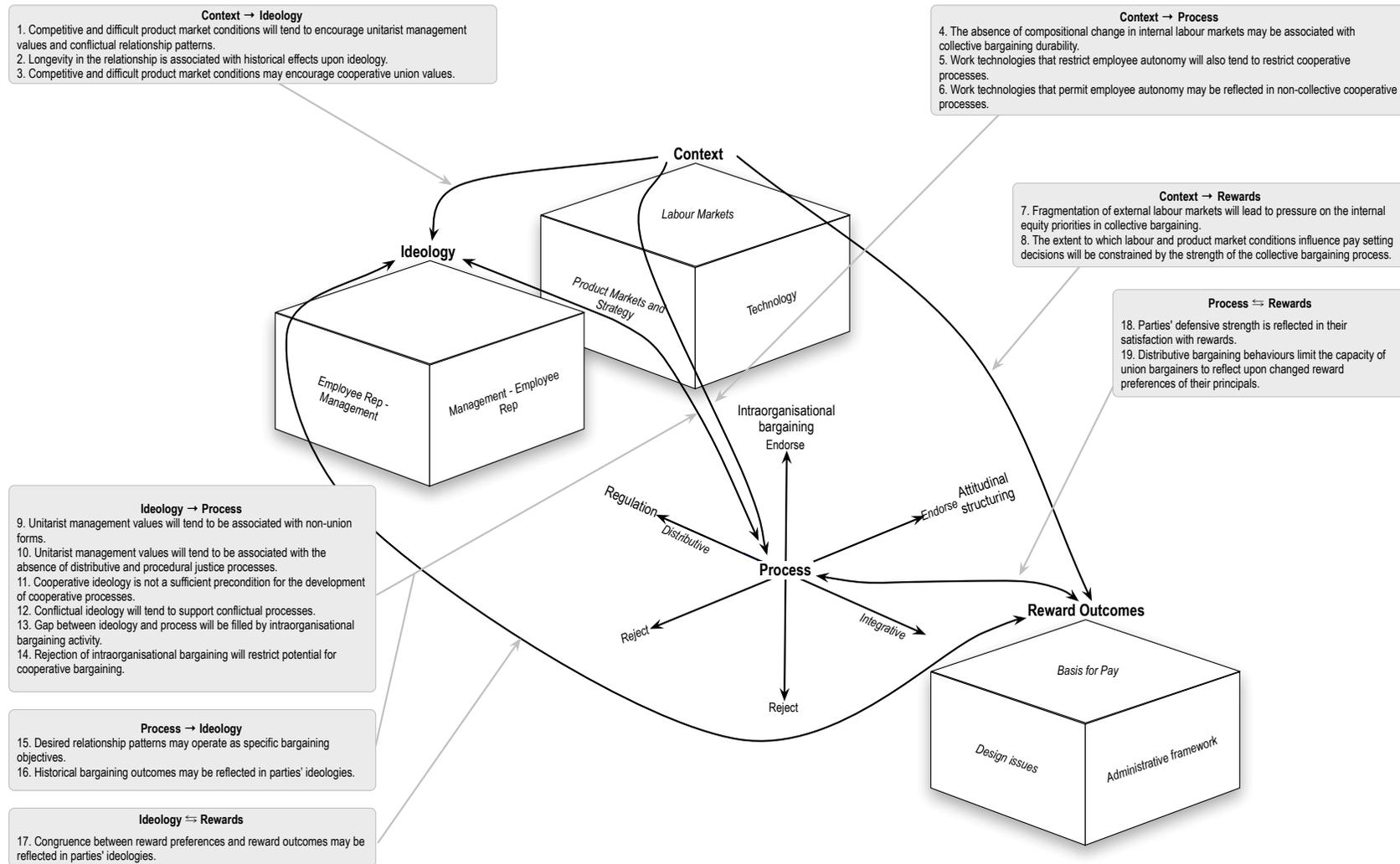
The analysis of these cases can be summarised by nineteen key findings:

1. Competitive and difficult product market conditions will tend to encourage unitarist management values and conflictual relationship patterns.
2. Longevity in the relationship is associated with historical effects upon ideology.
3. Competitive and difficult product market conditions may encourage cooperative union values.
4. The absence of compositional change in internal labour markets may be associated with collective bargaining durability.
5. Work technologies that restrict employee autonomy will also tend to restrict cooperative processes.
6. Work technologies that permit employee autonomy may be reflected in non-collective cooperative processes.

7. Fragmentation of external labour markets will lead to pressure on the internal equity priorities in collective bargaining.
8. The extent to which labour and product market conditions influence pay setting decisions will be constrained by the strength of the collective bargaining process.
9. Unitarist management values will tend to be associated with non-union forms.
10. Unitarist management values will tend to be associated with the absence of distributive and procedural justice processes.
11. Cooperative ideology is not a sufficient precondition for the development of cooperative processes.
12. Conflictual ideology will tend to support conflictual processes.
13. Gap between ideology and process will be filled by intraorganisational bargaining activity.
14. Rejection of intraorganisational bargaining will restrict potential for cooperative bargaining.
15. Desired relationship patterns may operate as specific bargaining objectives.
16. Historical bargaining outcomes may be reflected in parties' ideologies.
17. Congruence between reward preferences and reward outcomes may be reflected in parties' ideologies.
18. Parties' defensive strength is reflected in their satisfaction with rewards.
19. Distributive bargaining behaviours limit the capacity of union bargainers to reflect upon changed reward preferences of their principals.

These are also illustrated in Figure 13, overlaid upon the adopted conceptual framework to illustrate the postulated relationships between the elements under consideration here. These findings represent the extent to which the findings have matched the propositions set out in chapter three and the attempt to build explanations where those propositions were not reflected in the findings.

Figure 13 Summary of theoretical conclusions



7.5. Reflection on the aims of the study and its contribution to knowledge

The aim of this study was to theorise the interactions between employment relations and employee rewards systems. Whilst aspects of these systems had been considered in previous studies, a systems approach to both the employment relationship and employee rewards had not been undertaken before. To this extent, this study represents an attempt to fill a gap in the literature.

The application of ideology, process and outcomes is a common conceptual framework in employment relations research; the identification of context as a constraint is also widely utilised. These elements were adopted here. Previous research regarding rewards from an employment relations perspective has often been partial. To avoid this limitation a multi-item model from the reward management literature was adopted.

Three aspects of context were considered: the nature of product markets, labour markets and work technology. These aspects are commonly used in employment relations research. The contextual items were considered individually, and also in terms of how they might affect the balance of power between the parties to the relationship. Ideology and process were operationalised in a novel manner. Walton and McKersie's (1965) behavioural framework has rarely been used as an analytical tool, despite its high status in the field. Reward outcomes were operationalised using Gomez-Mejia and Balkin's (1992) algorithmic-experiential framework.

As there was little existing theory to explain the systemic relationships under consideration, this study was exploratory in nature, with the intention to build theory. From this perspective the major consideration in the choice of these frameworks to operationalise the concepts in question was their construct validity: the extent to which they effectively represented the actual elements of concern. The implicit complexity of the adopted frameworks was considered to be a reasonable approach to enable the study to capture enough complexity from the selected cases to reflect reality in sufficient detail.

Relationships were identified between each of the elements set out in the research aims, along with reasonable explanations for those relationships. The conceptual frameworks have provided a sufficiently robust basis for analysis and for the development of a theoretical model (see Figure 13). The development of this model provides the basis for future research that can test the postulated relationships and provide additional external validity.

7.6. Limitations of the study

Limited external validity is the principal limitation of this study. As discussed in chapter three, cases were chosen on the basis of similarity. Whilst various differences between them became apparent during the fieldwork, the cases share a great deal more characteristics than separate them, both in terms of the nature of the employment relationships and the reward systems.

Future studies might seek to extend the application of the model into alternative settings. Employment relationships that demonstrate substantial union-management cooperation might offer particular interest and distinction from these initial cases. It is noticeable that the intra-organisational bargaining dimension does not appear to be significant in the cases presented here. Previous research has suggested that it is changes to the form of regulation that generates intra-organisational pressures; the incorporation of such cases might provide opportunities to consider the implications of this.

The extension of these frameworks to enable the analysis of non-union relationships might also be considered. This may be achieved by seeking to capture ‘information sharing’ and ‘unilateral management’ forms of regulation processes, augmenting the ‘regulation’ dimension of the model accordingly.

Additional limitations in the study relate to the methods adopted and the data that was collected. Within the cases presented here, the reward preferences of parties are

insufficiently explained. In retrospect a greater attention to the reasons that parties' held particular preferences would have been advisable. A related weakness concerns the administration of survey and interview instruments. In practice these instruments tended to be administered within a short time frame, occasionally at the same time as the interviews. More complete data would have been gathered if the survey had been administered first, allowing for the opportunity to: undertake an initial analysis of responses, and follow up pertinent issues in the interview.

A final frustration was the ability to access employee data in only one of the cases. The employee data from FoodCo provided various insights although its absence from the PowerCo case limited its significance for the study as a whole. The development of an 'employee perspective' on rewards and the employment relationship is particularly significant as employees are the reward systems subject. Future studies should seek to develop this perspective further.

Appendix one – Interview schedule

1. CONTEXT
<p>PRODUCT MARKET</p> <ul style="list-style-type: none"> • Buoyancy • Diversity <p>COMPETITIVE STRATEGIES</p> <ul style="list-style-type: none"> • Market – strategy for success <p>ORGANISATIONAL STRUCTURE</p> <ul style="list-style-type: none"> • Ownership structure • Access to capital • Management structure
Labour market – where is company located in which markets?
How is work organised – workflow?
What employee behaviours lead to success?
2. IDEOLOGY
<ul style="list-style-type: none"> • Union attitudes to relationship • Union organisation: <ul style="list-style-type: none"> ○ Numbers/density ○ Steward organisation ○ Facilities
<p>Workforce</p> <ul style="list-style-type: none"> • Attitudes: compliance, commitment, militancy? + trends • How close do you feel to management's strategy?
<p>Management:</p> <ul style="list-style-type: none"> • Attitudes to relationship? • Any changes in union/management approach/style over the years?
Importance of the personalities involved?
What areas uncomfortable negotiating with other side?
What additional areas would you like to negotiate?
3. PROCESS
<p>REGULATION</p> <ul style="list-style-type: none"> • DISTRIBUTIVE: annual wage negotiations: process, involvement, priorities/decisions. Utility parameters: analysis of other side – utilities and strength. Bargaining tactics – commitment and influencing, manipulating potential strike costs • INTEGRATIVE: Scope of relationship: which areas legitimate, which not? TU involvement in decisions. Limits to cooperation. Joint problem solving • INFORMATION: up/down? • UNILATERAL: scope?
<p>ATTITUDINAL STRUCTURING</p> <ul style="list-style-type: none"> • (How) do you manage the other side – do they manage you? • Is the quality of the relationship valued in its own right?
<p>INTRAORGANISATIONAL</p> <ul style="list-style-type: none"> • Who else on each side is involved? How much consensus, how are conflicts handled.

4. OUTCOMES

What advantages does the nature of the employment relationship provide for:

- Company, Employees, Union?
- How could this be improved further – what kinds of changes in the relationship to facilitate?

HR PRIORITIES:

- Performance management
- Rewards: market/internal equity; pay grades and progression, individual/team performance; benefits
- Employee communications and involvement
- Culture change – outcomes/issues?
- Employee innovation vs. work process control

Appendix two – Map linking constructs, conceptual basis, location in research instruments and location of findings

<i>Concept</i>	<i>Theoretical basis</i>	<i>Location in research instrument</i>	<i>Illustration of findings</i>
Ideology	Walton & McKersie (1965) - relationship patterns	Bargainers' and employees' questionnaire. Questions RP1 - RP8	Tables 7, 8 & 13
Process - attitudinal structuring	Walton & McKersie (1965) - attitudinal structuring	Bargainers' questionnaire. Questions AS1 - AS9 represent bargaining strategies. Sub-questions represent bargaining tactics. Mean response is calculated	Tables 9, 14, 15 & 16
Process - intraorganisational bargaining	Walton & McKersie (1965) - intraorganisational bargaining	Bargainers' questionnaire. Questions IC1 - IC6 represent bargaining strategies. Sub-questions represent bargaining tactics. Mean response is calculated	Tables 10, 17, 18 & 19
Rewards - current practices and parties' preferences	Gomez-Mejia & Balkin (1992) - algorithmic-experiential model	Bargainers' and employees' questionnaire. Questions B1 - B9 (basis for pay items); D1 - D6 (design issues items); A1 - A5 (administrative framework items)	Tables 11, 20 & 21 Figures 3, 4, 6, 7 & 8

Appendix three – Bargainers' questionnaire (union version)



This is a survey of people at work. We are interested in your views about your workplace and about how you are rewarded for your work. You have been asked to complete this questionnaire because of your role in the employment relationship.

The questionnaire should take no more than 10-15 minutes to fill in.

If you need any help or want to know more about the survey, please ask the researcher who gave you the form. Please try to answer every question.

Many thanks for your help.

ABOUT THE EMPLOYMENT RELATIONSHIP

The following questions give you choices about how you would describe the kind of relationships there are between, management and unions at your organisation. How much do you agree with the following statements?

Attitudes towards each other...

RP1 Which of the following statements best describes the way you feel towards management?

Tick one box only

- I feel competitive towards them; I want to try to weaken them because I will benefit 0
- Live and let live 1
- I want to help them because I will benefit 2

RP2 Which of the following statements best describes your views about the role of management?

Tick one box only

- They have no role 0
- They serve a purpose 1
- They have a role, that's just the way that it is, and probably always will be 2
- Their role is their's by right 3

RP3 Which of the following statements best describes the extent to which you trust management?

Tick one box only

- I distrust them in the extreme 0
- I distrust them 1
- I have limited trust for them 2
- I have a great deal of trust for them 3

RP4 Which of the following statements best describes how friendly you feel towards management?

Tick one box only

- I hate them 0
- They get on my nerves 1
- I have a professional relationship with them 2
- I feel friendship towards them 3

RP5 Which of the following statements best describes the way management feels towards the union?

Tick one box only

- They feel competitive towards us; they want to try to weaken us because they will benefit 0
- Live and let live 1
- They want to help us because they will benefit 2

RP6 Which of the following statements best describes management's views about the role of the union?

Tick one box only

- We have no role 0
- We serve a purpose 1
- We have a role, that's just the way that it is, and probably always will be 2
- Our role is our's by right 3

RP7 Which of the following statements best describes the extent to which management trusts the union?

Tick one box only

- They distrust us in the extreme 0
- They distrust us 1
- They have limited trust for us 2
- They have a great deal of trust for us 3

RP8 Which of the following statements best describes how friendly management feels towards the union?

Tick one box only

- They hate us 0
- We get on their nerves 1
- They have a professional relationship with us 2
- They feel friendship towards us 3

Managing the other side...

Managing the relationship can include attempts to alter the attitudes of the other party. Please consider the following descriptions of such activities. To what extent would you agree that each is important for how you manage this aspect of the employment relationship?

(SA - strongly agree, A = agree, N = neither agree nor disagree, D = disagree, SD = strongly disagree)

Strategy	Tactics	SA	A	N	D	SD
AS1 You attempt to influence the way that management thinks in order that management feels that both sides have the same <u>aims</u>	1 Find personal things in common	<input type="checkbox"/>				
	2 Use similar language to the management	<input type="checkbox"/>				
	3 Define a common problem	<input type="checkbox"/>				
	4 Focus on mutual successes	<input type="checkbox"/>				
	5 Take a common opinion to 'outsiders'	<input type="checkbox"/>				
	6 Downplay differences between each other	<input type="checkbox"/>				
AS2 You attempt to influence the way that management thinks in order that management feels that both sides have the same <u>interests</u>	1 Increase the amount of interaction between yourself and the management	<input type="checkbox"/>				
	2 Emphasise a common fate for yourself and management	<input type="checkbox"/>				
AS3 You attempt to influence the way that the management thinks in order that management associates you with things which benefit them	1 You try to solve a problem for management	<input type="checkbox"/>				
	2 You strengthen the management negotiator's position	<input type="checkbox"/>				
	3 You confer status on the management negotiator	<input type="checkbox"/>				
	4 You associate with someone that management is close to	<input type="checkbox"/>				
AS4 You attempt to influence the way that management thinks in order that management associates itself with something which benefit you	1 You express appreciation for what management has done	<input type="checkbox"/>				
AS5 You attempt to influence the way that management thinks in order that you are distanced from something that harms the management	1 You place blame for certain matters on other members of your organisation	<input type="checkbox"/>				
	2 You try to place the issue 'in the past'	<input type="checkbox"/>				
	3 You try to explain that any harm caused is unintentional	<input type="checkbox"/>				
AS6 You attempt to influence the way that management thinks in order that the management can distance itself from an object that harms you	1 You avoid accusing management of causing harm to the union	<input type="checkbox"/>				
AS7 Additional tactics to manage the relationship	1 Emphasise the positive, minimise the negative	<input type="checkbox"/>				
	2 Emphasise that action you take is on behalf of the company, without any reflection of personal animosity	<input type="checkbox"/>				
	3 Set up private meetings outside negotiations	<input type="checkbox"/>				
	4 Use well-timed jokes or introduce casual conversation to release tension or provide diversion	<input type="checkbox"/>				
AS8 Rewarding management's behaviour	1 Extend compliments towards management	<input type="checkbox"/>				
	2 Express appreciation towards management	<input type="checkbox"/>				
	3 'Returning the favour'	<input type="checkbox"/>				
AS9 Punishing management's behaviour	1 Remind management about how the union expects them to behave	<input type="checkbox"/>				
	2 Make suggestions about the personality or competence of the management negotiator	<input type="checkbox"/>				
	3 Use direct threats or sanctions	<input type="checkbox"/>				

Managing your own side...

Managing the relationship can include attempts to alter the attitudes of your own side in order to resolve incompatible expectations between them and your bargaining opponent. Please consider the following descriptions of such activities. To what extent would you agree that each is important for how you manage this aspect of the employment relationship? (SA - strongly agree, A = agree, N = neither agree nor disagree, D = disagree, SD = strongly disagree)

Strategy	Tactics	SA	A	N	D	SD
IC1 You avoid incompatible expectations from the very beginning	1 The expectations of your own side are kept vague and conservative in order that they do not conflict with the demands of your opponent	<input type="checkbox"/>				
	2 You direct your side's attention towards those issues which are more likely to be achieved	<input type="checkbox"/>				
	3 You limit the extent to which other members of your side have a say in formulating negotiating objectives	<input type="checkbox"/>				
IC2 You attempt to persuade your side to change their expectations	1 You attempt to change expectations through the use of rational argument	<input type="checkbox"/>				
	2 You attempt to change expectations by using your personal prestige and power	<input type="checkbox"/>				
IC3 You structure the bargaining situation in a way that situation 'forces' your side to change their expectations	1 Directly confronting your side with reality	<input type="checkbox"/>				
	2 Ensuring the cooperation of management to achieve this	<input type="checkbox"/>				
IC4 You rationalise the gap between results and expectations	1 You attempt to convince your side on the basis that you 'did all that you could'	<input type="checkbox"/>				
	2 You attempt to shift the blame on the reality of the situation	<input type="checkbox"/>				
IC5 You attempt to obscure or misrepresent the gap between results and expectations	1 You limit opportunities for observation of negotiation	<input type="checkbox"/>				
	2 You deliberately keep issues complicated	<input type="checkbox"/>				
	3 You silently 'drop' an issue	<input type="checkbox"/>				
	4 You keep some elements of the agreement quiet	<input type="checkbox"/>				
	5 You exaggerate the level of achievement	<input type="checkbox"/>				
IC6 Unspoken bargaining	1 You silently engage the cooperation of management so that they understand your behaviour is to satisfy your own side and not to be taken seriously	<input type="checkbox"/>				

ABOUT THE KIND OF REWARDS YOU WOULD PREFER

The following questions give you choices about pay and other rewards. Please tick the box that best shows your opinion about each question.

ABOUT WHAT PAY IS BASED UPON

B1 What is it that pay should reward?

- The job description 1
 Jobs and skills 2
 Skills 3

B2 What is it that pay increases should reward?

- Length of service 1
 Seniority and performance 2
 Performance 3

B3 How should performance be measured?

- The performance of individuals 1
 The performance of individuals and teams 2
 The performance of teams 3

B4 Over what period of time should performance be measured?

- Short 1
 Medium 2
 Long 3

B5 How much variability do you think there should be in the amount of earnings from one month to the next?

- None 1
 Some 2
 A lot 3

B6 If pay was going to be linked to company performance, which part of the company should be used to measure that performance?

- The whole company 1
 The company and workgroup 2
 Workgroup 3

B7 What is the fairest way of deciding the levels of pay for all the jobs in the company?

- Comparing jobs and pay in the company with each other 1
 Comparing the jobs in the company with jobs and pay outside the company 2

B8 How big should be the differences in pay between each grade and the next?

- Large 1
 Medium 2
 Small 3

B9 What is the pay and reward system ultimately for?

- To reward the way employees do their job 1
 To reward both the way they do their job and what they produce 2
 To reward what they produce 3

ABOUT HOW THE PAY SYSTEM IS DESIGNED

D1 How high should the levels of pay be in your company, compared to the pay of people doing similar work in other companies?

- Higher 1
 About the same 2
 Lower 3

D2 How high should the benefits be in your company compared to the benefits of people doing similar work in other companies?

- Higher 1
 About the same 2
 Lower 3

D3 How much of employees' pay should be able to go up or down rather than be fixed?

- None of it 1
 Some of it 2
 All of it 3

D4 What is the most important - rewards that employees get now (e.g. salary), or those they will get in the future (e.g. pensions)?

- Rewards now 1
 Both equally important 2
 Rewards in the future 3

D5 Should there be fewer but bigger rewards; or many smaller rewards (assuming that the total value was the same)?

- Fewer, bigger rewards 1
 Many, smaller rewards 2

D6 What are the most important rewards: financial (e.g. salary) or non-financial (e.g. praise)?

- Non-financial 1
 Both equally important 2
 Financial 3

ABOUT HOW THE PAY AND REWARD SYSTEM IS RUN

A1 Where should decisions be made about rewards?

- At the top of the company 1
- Different decisions should be made at different levels 2
- As close as possible to where you work 3

A1a Does this happen at your company?

- Yes 1
- No 2

A2 How much information about pay and rewards (including the pay levels of others) should employees receive?

- Just about issues that affect their own rewards 1
- About parts of the pay system that are close to their job 2
- About the whole pay system 3

A2a Does this happen at your company?

- Yes 1
- No 2

A3 How much say should individual workers have in deciding how the pay system is set up?

- A little 1
- Some 2
- A lot 3

A3a Does this happen at your company?

- Yes 1
- No 2

A4 How tightly should the day-to-day rules about pay and rewards be applied?

- Tightly 1
- Loosely 2

A4a Does this happen at your company?

- Yes 1
- No 2

A5 How much freedom should line managers have in making decisions about the pay and reward system?

- A little 1
- Some 2
- A lot 3

A5a Does this happen at your company?

- Yes 1
- No 2

**Thank you for taking the time to complete this questionnaire.
Please now leave it with the researcher who gave it to you.**

Appendix four – Employee questionnaire



This is a survey of people at work. We are interested in your views about your workplace and about how you are rewarded for your work.

We are asking a group of people to complete this questionnaire. You have been selected at random and the intention is to cover the full range of employees. There is no special reason why you were picked to fill in the survey or why others that you work with were not picked. However, we would like you to complete the survey on your own. Please do not pass it on to anyone else.

Everything that you say in this questionnaire will remain confidential.

- Completed forms will not be shown to managers or anyone else at your workplace.
- After the answers have been entered into a computer, the questionnaire will be destroyed

The questionnaire should take no more than 10 minutes to fill in.

If you need any help or want to know more about the survey, please ask the researcher who gave you the form.

Please try to answer every question.

Many thanks for your help.

ABOUT THE EMPLOYMENT RELATIONSHIP

The following questions give you choices about how you would describe the kind of relationships there are between workers, management and unions at your organisation. How much do you agree with the following statements?

RP1 Which of the following statements best describes the way you feel towards the union?

Tick one box only

- I feel competitive towards them; I want to try to weaken them because I will benefit 0
- Live and let live 1
- I want to help them because I will benefit 2

RP2 Which of the following statements best describes your views about the role of the union?

Tick one box only

- They have no role 0
- They serve a purpose 1
- They have a role, that's just the way that it is, and probably always will be 2
- Their role is their's by right 3

RP3 Which of the following statements best describes the extent to which you trust the union?

Tick one box only

- I distrust them in the extreme 0
- I distrust them 1
- I have limited trust for them 2
- I have a great deal of trust for them 3

RP4 Which of the following statements best describes how friendly you feel towards the union?

Tick one box only

- I hate them 0
- They get on my nerves 1
- I have a professional relationship with them 2
- I feel friendship towards them 3

RP5 Which of the following statements best describes the way you feel towards management?

Tick one box only

- I feel competitive towards them; I want to try to weaken them because I will benefit 0
- Live and let live 1
- I want to help them because I will benefit 2

RP6 Which of the following statements best describes your views about the role of management?

Tick one box only

- They have no role 0
- They serve a purpose 1
- They have a role, that's just the way that it is, and probably always will be 2
- Their role is their's by right 3

RP7 Which of the following statements best describes the extent to which you trust management?

Tick one box only

- I distrust them in the extreme 0
- I distrust them 1
- I have limited trust for them 2
- I have a great deal of trust for them 3

RP8 Which of the following statements best describes how friendly you feel towards management?

Tick one box only

- I hate them 0
- They get on my nerves 1
- I have a professional relationship with them 2
- I feel friendship towards them 3

ABOUT THE KIND OF REWARDS YOU WOULD PREFER

The following questions give you choices about pay and other rewards. Please tick the box that best shows your opinion about each question.

ABOUT WHAT PAY IS BASED UPON

B1 What is it that your pay should reward you for?

- Your job description 1
 Jobs and skills 2
 The skills that you have 3

B2 What is it that pay increases should reward you for?

- Length of service 1
 Seniority and performance 2
 Performance 3

B3 If management were going to measure your performance, what should they be looking at?

- The performance of you on your own 1
 The performance of you and your team 2
 The performance of your team 3

B4 Over what period of time should your performance be measured?

- Short 1
 Medium 2
 Long 3

B5 How much variability do you think there should be in the amount you are going to earn from one month to the next?

- None 1
 Some 2
 A lot 3

B6 If your pay was going to be linked to company performance, which part of the company should be used to measure that performance?

- The whole company 1
 The company and your workgroup 2
 Your own workgroup 3

B7 What is the fairest way of deciding the levels of pay for all the jobs in the company?

- Comparing jobs and pay in the company with each other 1
 Comparing the jobs in the company with jobs and pay outside the company 2

B8 How big should be the differences in pay between each grade and the next?

- Large 1
 Medium 2
 Small 3

B9 What is the pay and reward system ultimately for?

- To reward the way you do your job 1
 To reward both the way you do your job and what you produce 2
 To reward what you produce 3

ABOUT HOW THE PAY SYSTEM IS DESIGNED

D1 How high should the levels of pay be in your company, compared to the pay of people doing similar work in other companies?

- Higher 1
 About the same 2
 Lower 3

D2 How high should the benefits be in your company compared to the benefits of people doing similar work in other companies?

- Higher 1
 About the same 2
 Lower 3

D3 How much of your pay should be able to go up or down rather than be fixed?

- None of it 1
 Some of it 2
 All of it 3

D4 What is the most important - rewards that you get now (e.g. salary), or those you will get in the future (e.g. pensions)?

- Rewards now 1
 Both equally important 2
 Rewards in the future 3

D5 Would you prefer fewer but bigger rewards; or many smaller rewards (assuming that the total value was the same)?

- Fewer, bigger rewards 1
 Many, smaller rewards 2

D6 What are the most important rewards: financial (e.g. salary) or non-financial (e.g. praise)?

- Non-financial 1
 Both equally important 2
 Financial 3

ABOUT HOW THE PAY AND REWARD SYSTEM IS RUN

A1 Where should decisions be made about rewards?

- At the top of the company 1
 Different decisions should be made at different levels 2
 As close as possible to where you work 3

A1a Does this happen at your company?

- Yes 1
 No 2

A2 How much information about pay and rewards (including the pay levels of others) should you receive?

- Just about issues that affect my own rewards 1
 About parts of the pay system that are close to my job 2
 About the whole pay system 3

A2a Does this happen at your company?

- Yes 1
 No 2

A3 How much say should individual workers have in deciding how the pay system is set up?

- A little 1
 Some 2
 A lot 3

A3a Does this happen at your company?

- Yes 1
 No 2

A4 How tightly should the day-to-day rules about pay and rewards be applied?

- Tightly 1
 Loosely 2

A4a Does this happen at your company?

- Yes 1
 No 2

A5 How much freedom should line managers have in making decisions about the pay and reward system?

- A little 1
 Some 2
 A lot 3

A5a Does this happen at your company?

- Yes 1
 No 2

FINALLY, ABOUT YOURSELF

Y1 Are you male or female?

Tick one box only

- Male 0 Female 1

Y2 How old are you?

Tick one box only

- 16-19 0 50-59 4
 20-29 1 60-64 5
 30-39 2 65 or more 6
 40-49 3

Y3 Are you a member of a trade union?

Tick one box only

- Yes 0
 No, but have been in the past 1
 No, have never been a member 2

Y3a If yes, are you a shop steward/union committee member?

- Yes 0
 No 1

Y4 What is your pay grade?

Tick one box only

- 1 0 4 4
 1a 1 5 5
 2 2 Supervisor 6
 3 3

Y5 Is your employment here...

Tick all boxes that apply

- Full time 0 Part time 2
 Permanent 1 Temporary 3

Y6 How many years have you worked at this company?

Tick one box only

- 0-1 0 6-10 2
 2-5 1 11 or more 3

**Thank you for taking the time to complete this questionnaire.
 Please now leave it with the researcher who gave it to you.**

Appendix five – Associations within the relationship pattern variables

	RP1	RP2	RP3	RP4	RP5	RP6	RP7	RP8
RP1 Union motivation	-	0.332	0.001*	0.000*	0.093**	0.106	0.624	0.264
RP2 Union legitimacy		-	0.017*	0.001*	0.943	0.001*	0.337	0.218
RP3 Union trust			-	0.000*	0.612	0.059	0.072**	0.500
RP4 Union friendly				-	0.480	0.948	0.440	0.049*
RP5 Management motivation					-	0.002*	0.000*	0.000*
RP6 Management legitimacy						-	0.003*	0.023*
RP7 Management trust							-	0.000*
RP8 Management friendly								-
Pearson Chi Square coefficients								
* = 0.05 significance								
** = 0.10 significance								

Appendix six – Demographic associations with the relationship pattern variables

	RP1	RP2	RP3	RP4	RP5	RP6	RP7	RP8
Y1	0.126	0.039*	0.000*	0.002*	0.401	0.065	0.099	0.018*
Y2	0.098	0.289	0.345	0.484	0.240	0.305	0.210	0.787
Y3	0.227	0.236	0.446	0.177	0.033*	0.493	0.002*	0.010*
Y3a	0.156	0.492	0.414	0.807	0.023*	0.478	0.397	0.243
Y4	0.187	0.184	0.025*	0.280	0.127	0.594	0.005*	0.012*
Y5	0.918	0.223	0.050*	0.335	0.378	0.689	0.014*	0.130
Y6	0.113	0.356	0.082	0.108	0.130	0.501	0.003*	0.006*

Pearson Chi-Square coefficients
 * = 0.05 significance

Appendix seven – Demographic associations with reward preferences

	B1	B2	B3	B4	B5	B6	B7	B8	B9	D1	D2	D3	D4	D5	D6	A1	A2	A3	A4	A5
Y1	.542	.989	.251	.600	.056	.959	.502	.953	.529	.741	.878	.163	.801	.166	.387	.412	.382	.758	.803	.632
Y2	.239	.183	.185	.303	.036*	.178	.676	.016*	.230	.194	.072	.001*	.440	.119	.011	.944	.456	.808	.201	.114
Y3	.195	.220	.326	.091	.440	.223	.590	.370	.611	.276	.355	.443	.392	.512	.074	.251	.080	.266	.127	.000*
Y3a	.412	.753	.883	.458	.882	.498	.784	.757	.794	.749	.721	.568	.516	.345	.912	.323	.336	.782	.281	.390
Y4	.236	.067	.867	.691	.157	.169	.713	.175	.331	.662	.468	.390	.433	.032*	.555	.164	.894	.255	.663	.118
Y5	.539	.035*	.111	.870	.172	.714	.247	.120	.527	.661	.683	.147	.545	.058	.833	.219	.399	.307	.666	.539
Y6	.368	.038*	.605	.834	.053	.642	.236	.643	.148	.443	.596	.014*	.133	.046*	.698	.981	.766	.264	.737	.023*

Pearson Chi-Square coefficients
* = 0.05 significance

Appendix eight – Relationship pattern associations with reward preferences

	B1	B2	B3	B4	B5	B6	B7	B8	B9	C1	C2	C3	C4	C5	C6	D1	D2	D3	D4	D5
A1	.325	.311	.210	.561	.948	.902	.736	.659	.685	.320	.358	.874	.782	.402	.604	.693	.871	.995	.193	.446
A2	.027*	.002*	.789	.516	.322	.004*	.365	.567	.348	.068	.236	.429*	.668	.219	.205	.007*	.172	.420	.004*	.108
A3	.344	.186	.609	.061	.530	.012*	.557	.213	.425	.932	.651	.357	.228	.248	.948	.990	.403	.769	.919	.085
A4	.579	.271	.311	.227	.162	.077	.537	.640	.104	.056	.223	.178	.412	.712	.355	.900	.466	.161	.176	.422
A5	.921	.006*	.473	.407	.483	.045*	.332	.006*	.224	.280	.512	.011*	.078	.351	.026*	.332	.102	.007*	.211	.000*
A6	.131	.012*	.401	.119	.862	.035*	.818	.008*	.009*	.159	.823	.749	.644	.426	.226	.174	.736	.318	.016*	.772
A7	.663	.013*	.307	.601	.573	.038*	.778	.143	.777	.016*	.318	.023*	.900	.027*	.081	.582	.585	.046*	.026*	.000*
A8	.458	.022*	.357	.875	.654	.034*	.613	.308	.614	.296	.196	.651	.937	.359	.185	.298	.433	.017*	.477	.000*

Pearson Chi-Square coefficients
 * = 0.05 significance

Appendix nine – Framework for analysing qualitative data

- Context
 - Context>Competitive strategies
 - Context>Labour markets
 - Context>Product markets
 - Context>Technology
- Ideology
 - Ideology>Motivation
 - Ideology>Legitimacy
 - Ideology>Trust
 - Ideology>Friendliness
 - Ideology>Distribution of power
- Process
 - Process>Attitudinal structuring
 - Process>Attitudinal structuring>Same aims
 - Process>Attitudinal structuring>Same interests
 - Process>Attitudinal structuring>Associate you with benefits for them
 - Process>Attitudinal structuring>They associate themselves with benefits for you
 - Process>Attitudinal structuring>Distanced from harming them
 - Process>Attitudinal structuring>They are distanced from harming you
 - Process>Attitudinal structuring>Additional tactics
 - Process>Attitudinal structuring>Reward behaviour
 - Process>Attitudinal structuring>Punish behaviour
 - Process>Intraorganisational bargaining
 - Process>Intraorganisational bargaining>Avoid incompatible expectations
 - Process>Intraorganisational bargaining>Persuade to change expectations
 - Process>Intraorganisational bargaining>Structure situation to force changed expectations
 - Process>Intraorganisational bargaining>Rationalise gap between results and expectations
 - Process>Intraorganisational bargaining>Obscure gap between results and expectations
 - Process>Intraorganisational bargaining>Tacit bargaining
 - Process>Regulation
 - Process>Regulation>Distributive
 - Process>Regulation>Distributive>Commitment
 - Process>Regulation>Distributive>Commitment>Abandoning commitments
 - Process>Regulation>Distributive>Commitment>Communicating commitment
 - Process>Regulation>Distributive>Commitment>Determining degree of commitment
 - Process>Regulation>Distributive>Commitment>Enabling opponent to revise commitment
 - Process>Regulation>Distributive>Commitment>Making commitment credible
 - Process>Regulation>Distributive>Commitment>Preventing opponent commitment
 - Process>Regulation>Distributive>Utilities
 - Process>Regulation>Distributive>Utilities>Assessing opponent's utilities
 - Process>Regulation>Distributive>Utilities>Manipulating strike costs
 - Process>Regulation>Distributive>Utilities>Modifying opponents perception of own utilities
 - Process>Regulation>Distributive>Utilities>Modifying opponents perception of party's utilities
 - Process>Regulation>Information
 - Process>Regulation>Information
 - Process>Regulation>Information>Downward
 - Process>Regulation>Information>Downward>Collective
 - Process>Regulation>Information>Downward>Individual
 - Process>Regulation>Information>Upward
 - Process>Regulation>Information>Upward>Collective
 - Process>Regulation>Information>Upward>Individual
 - Process>Regulation>Integrative
 - Process>Regulation>Integrative>Decision-making
 - Process>Regulation>Integrative>Information distribution
 - Process>Regulation>Integrative>Involvement in change
 - Process>Regulation>Integrative>Motivation
 - Process>Regulation>Integrative>Preference ordering
 - Process>Regulation>Integrative>Problem identification
 - Process>Regulation>Integrative>Search for alternatives
 - Process>Regulation>Integrative>Trust
 - Process>Regulation>Unilateral
- Rewards
 - Rewards>Admin
 - Rewards>Admin>Decision-making
 - Rewards>Admin>Pay disclosure
 - Rewards>Admin>Governance
 - Rewards>Admin>Pay policies
 - Rewards>Admin>Superior dependency
 - Rewards>Basis
 - Rewards>Basis>Unit of analysis
 - Rewards>Basis>Criteria for increase
 - Rewards>Basis>Level of performance
 - Rewards>Basis>Time orientation

- Rewards>Basis>Risk sharing
- Rewards>Basis>Strategic focus
- Rewards>Basis>Equity concern
- Rewards>Basis>Distribution
- Rewards>Basis>Type of control
- Rewards>Design
- Rewards>Design>Market pay policy
- Rewards>Design>Market benefits policy
- Rewards>Design>Incentives
- Rewards>Design>Total compensation
- Rewards>Design>Reinforcement schedule
- Rewards>Design>Reward emphasis

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