INTRODUCTION
Introduction

Rarely have the insights of industrial relations been more timely or necessary for students of business or society at large. Such a bold claim may surprise those who have only encountered the term in the journalistic context of strikes and trade union activity. Since both of these have been dramatically in decline (and only patchily resurgent in the recent crisis) the relevance of the subject to current concerns may be called into question. Our objectives in this chapter are to explore changes in the world of work and to demonstrate the rich perspectives offered by a revitalized industrial relations approach.

Why have such reassertions become necessary? There is an important defensive task, a need to address the historical weaknesses of the subject and to ensure its fitness for purpose in exploring the rapidly changing world of work in which we are engaged. For the British Universities’ Industrial Relations Association (see Darlington (ed.) 2009) this requires a response to the argument, forwarded in the context of the proposed closure of one of the UK’s most important centres for the academic study of the subject, that ‘academic industrial relations is now outdated; either the problems of the “human factor” in work have all been solved, or they are better addressed by new approaches such as “human resource management” (HRM) or “organisational behaviour” (OB)’. For many, this response involves remedying the subject’s predominant focus upon collective institutions and processes (trade unions, collective bargaining and strikes) which has rendered it increasingly irrelevant as all three have diminished and left it susceptible to the challenge from HRM: ‘management activity outside of
collective bargaining (including non-union companies) became no concern of IR... leaving large conceptually “empty” areas to be colonized by HRM’ (Ackers and Wilkinson 2003: 8).

But there is an important positive case to be made too, that the subject is uniquely placed to explore and understand current developments. As Kaufman (2008) argues, in moving to address that wider range of actors and institutions now involved in the world of work, the subject is merely returning to its founding paradigm, which he terms ‘original industrial relations’, having been diverted for much of the post-Second World War period into a narrower focus on collective institutions and processes (‘modern industrial relations’). Paradoxically, the strength and vitality of the original field is now backlit by the potentially narrow and impoverished nature of alternative perspectives such as HRM, which can reduce workers to one of several resources to be blended in production and take the concerns of management as the first and sometimes exclusive point of departure in such processes. The risk here is that the pressure to provide responses to practical problems of business performance draws the subject away from its foundations in social science. As Jacoby (2003) has observed in the North American context, the development of human resource management in practice has been halting, its role contingent upon external crises and susceptible to challenge from other management functions with more tangible claims to production expertise: ‘HR’s problems are partly of its own making. It does not have strong and consistent theories that would justify its expertise inside the corporation’ (ibid.: 170).

To the extent that this risk is less apparent so far in Britain, and this is debatable, it is because HRM departments and journals have been taken forward by researchers able to retain, deploy and develop frameworks from industrial relations. Critically important here is the focus on the employment relationship as a set of interactions, rather than exclusively a management process, and a multidisciplinary approach to teaching and research which locates these processes in social context. It has become commonplace to note that industrial relations is not a discipline in its own right, but a field of study drawing upon perspectives from core disciplines including sociology, political science, economics, history and law. This provides relatively fragmented boundaries from which to defend and advance understanding of the subject but also generates strong centripetal forces, drawing contending and complementary perspectives from social science to bear on problems manifest in the workplace: ‘the value of the multidisciplinary approach is not that it denies or minimizes the contributions and insights of the various disciplines but that it builds on and integrates prior and current work from these fields’ (Kochan 1998: 35). The central contention of this chapter, and the approach of the book, is that only such multidisciplinary and critical approaches are capable of capturing the range of change evident in today’s workplaces and highlighting the reciprocal connections between them and other aspects of social and economic development.

This introductory chapter starts by restating the central importance of work to employees, employers and the wider society and the profound importance of understanding the forces that shape its nature. We go on to argue that an industrial relations perspective can provide a powerful tool for the understanding of work
through an analysis rooted in identifying the complex and dynamic phenomenon that is the *employment relationship*. The chapter then establishes the potential for industrial relations analysis that goes beyond its historical terrain of collective relationships and action and provides a basis for understanding and analysing many of the issues that arise from the profound changes affecting work and its regulation in the UK in the early years of the 21st century. It concludes by outlining the structure of the present volume.

**The Centrality of Work to Society and Business**

In this section, we make a case for exploring the world of work from a social scientific perspective: one that acknowledges connections with dimensions of social and economic activity beyond the specific management problems in question. This is far from an original project. Scholars involved in the initial development of industrial relations as a field of study started from just such a vantage point. Beatrice Webb, who co-authored with her husband Sidney the seminal *Industrial Democracy*, came from a background in broader social policy as did John R. Commons in the United States (see Hyman 1989; Kaufman 2004). To begin, we can identify four factors that underpin the centrality of work to contemporary society.

First, work is the dominant activity in the lives of most people between the end of full-time education and their retirement. Britain’s adult population, meaning those over 16 years of age and under 65, comprises some 30 million people. Four fifths of them are economically active, meaning that they are engaged in some way in securing income for their work, and the vast majority of this group is in paid employment (Hughes 2009). As Grimshaw and Rubery make clear (this volume), work provides the predominant waking activity for most of those engaged in it – three quarters of all employees work more than 31 hours per week, and one in five works more than 45 hours. These figures become even more significant when viewed from the perspective of the household, rather than the individual employee. Many families depend on two incomes, with both parents increasingly involved in paid work. As a consequence of greater flexibility of production and variation in employment contracts, these households now supply more hours to the labour market than ever before and in more complex working patterns (Warren 2003). Considerable expertise is devoted to ‘juggling’ home and work lives. Research quoted by Edwards and Wajcman (2005: 49) refers to the growth of ‘shift-parenting’, ‘where parents do back-to-back shifts, passing the children between them’. Developments such as these have fuelled the growing public policy concern with ‘work–life’ balance (see Dean and Liff, this volume).

Second, the social, family and personal lives of most adults depend critically on the income derived from their employment. Three quarters of the income going to households with two adults with dependent children derives from wages and salaries and this figure rises to four fifths for adult households without children, reflecting the absence there of benefits supporting childcare (Hughes 2009: 69). Employees are concerned not only with the size of their income but with its security and predictability, increasingly so as they acquire long-term financial responsibilities
But, depending upon how it is organized, the quality and duration of work may also influence their sense of physical and emotional well-being. Work can provide social contact and fulfilment, beneficial activity and stimulation, but can also be ‘miserable, toxic, soul-destroying, inadequately rewarded and at times dangerous’ (Bolton and Houlihan 2009: 3). In 2007/8, over two million people were suffering an illness they believed was caused or made worse by work, a growing proportion accounted for by depression and mental ill-health (HSE 2008). Overall, 34 million working days were lost, 28 million due to work-related illness and 6 million to injuries (ibid.). Work-related stress may be related to many factors, one of which is the growing perception among employees of a loss of autonomy in and control over work as it becomes increasingly subject to managerial direction (Bunting 2004).

Third, for reasons foreshadowed above, our sense of personal and community identity is closely conditioned by our work. ‘And what do you do for a living?’ enquiries are amongst the first to be fielded in social exchange and the answers provide the foundation for relationships that ensue, offering clues about status, lifestyles and class position. This capacity for work to provide broader collective identities and a sense of shared interests has long been noted: ‘while one’s social experience determines one’s consciousness, a major component of that social experience is the specific things that one does in one’s occupational and professional practice’ (Bensman and Lilienfeld 1975: 186). Such occupational attitudes (ibid.) have underpinned individual and collective identities in the workplace and suffused the communities to which they have given rise. In these contexts and more generally, the unexpected loss of paid work, for whatever reason, is often a cause of personal crisis that goes beyond mere financial security.

Finally, for all of these reasons, work is also critically important for employers and for the state. Business viability and growth depends upon the availability of suitably skilled workers willing to be engaged in paid work and their application to their tasks while at the workplace. For governments, the plentiful supply of jobs lowers demands on the public purse: if citizens are able to support themselves through paid work, they are less likely to call upon costly support from the state, in terms of welfare benefits, for example. Increasingly, this capacity for self-support is seen as central to social capital and cohesion too. Particularly in the USA and Britain, widespread and long-term reliance upon welfare is seen as perpetuating a ‘dependency culture’, a debilitating social state sapping human character and potential: ‘[dependency] is an incomplete state in life; normal in the child, abnormal in the adult’ (Moynihan in Sennet 2003: 103). Work, on the other hand, is said to offer security and purpose: ‘as well as underpinning our economic growth, employment is the best route to independence, enables people to keep their children out of poverty, lays the foundation for successful retirement and enables people to develop their potential’ (DTI in Sisson 2008: 4). Public policy since 1997 has focused upon maximizing employment and removing barriers to those minorities of people not yet fully engaged in the labour market. Labour governments have invested tremendous sums in a variety of New Deal and Connexions programmes to encourage into paid work young people, workers over 50, single parents and the disabled (Blundell et al. 2003; Toynbee and Walker 2001).
In a context where labour markets have been buoyant and expanding, and therefore unproblematic, the central significance of work to social stability and personal security has been masked. The focus of popular and social scientific debate has shifted from the world of production towards consumption. Yet, as Crouch makes clear (this volume), these worlds are closely connected and interdependent, held together by patterns of economic growth founded centrally on the expansion of the financial services sector. Household debt-to-income ratios remain very high in Britain, due in large part to the growth in the incidence and extent of mortgage lending. But this has been underpinned by growth in employment and household income, increasing volumes of which have been channelled into servicing debt; both income and debt have increased more than three-fold since the 1980s. Most has been secured on property but unsecured personal debt has also increased and much of this borrowing is driven by lifestyle consumption. Household expenditure on subsistence living costs (such as food) has been relatively stable or in decline since the 1970s while spending on communications (including personal computing and telephony) increased almost ten-fold; clothing and footwear five-fold; and recreation and culture eight-fold (Hughes 2009: 83). In short, households have invested more in property and consumer durables and have been prepared to go into debt to do so, provided their incomes were rising and secure.

Ultimately, this context amplifies further the significance of work; it underwrites significant improvement in the quality of life but the risk associated with loss of jobs or income is increased and privatized. Just as the benefits of property wealth and consumer goods tend to accrue privately, so does the risk associated with their loss with wide ranging consequences. It is a critical aspect of the social change said to be undermining collective identities and interest recognition required for collective bargaining and trade union activity (summarized by Simms and Charlwood, this volume). The collapse of the viability of such a debt-based system of consumption captured in the phrase ‘credit crunch’ has, as Heyes and Nolan argue in this volume, propelled issues of employment (and unemployment) back onto the political and personal agenda.

**An Industrial Relations Perspective**

Industrial relations as an academic discipline provides a particular and unique insight into the forces and processes that shape these vital issues. Its particular contribution, which marks it out from different disciplinary approaches such as sociology, psychology and economics, is its insistence on the central analytical importance of the employment relationship (or employment relations as in several contributions to this volume) and the forces and processes that shape it.

It is important to note three aspects of the employment relationship emphasized by those utilizing an industrial relations perspective. The first of these is indeterminacy, which derives from the fact that, unlike virtually every other form of contract evident in production, the labour contract involves the exchange of money not for actual goods or services, but for the capacity to provide something
desired by the purchaser. In other words, employers wishing to secure the full value of their purchased labour power must ensure that workers are willing or somehow required to perform it. ‘In the labour contract, the worker sells an ability to work, which is translated into actual labour only during the course of the working day. Expectations about standards of performance have to be built up during the process of production’ (Edwards 2003: 14).

The second is that the employment relationship is unequal. As we have seen, in order to provide for themselves and their families, most workers have no choice but to engage in paid work and, in practice, many workers will have relatively limited choices between potential employers. In contrast, employers enjoy considerable resources and can often replace unwilling workers with other people or with technology. Of course, these relative power resources vary over time (employees may be easier to replace when unemployment increases, and harder when labour markets tighten) and between contexts (highly skilled staff are replaced less easily and their departure may incur a financial loss to the employer, when they have invested in training). Nevertheless, the employment relationship is generally one in which the employee is subjugated to the employer and consents to their control during the working day.

The third defining feature of the employment relationship arises from the first two; it is dynamic in the sense that it is driven forward by the coexistence of both conflict and cooperation in varying degrees. As Edwards notes, ultimately all ‘managerial strategies are about the deployment of workers’ labour power in ways which permit the generation of a surplus’ (Edwards 2003: 16–17). Yet employers cannot rely solely upon the subjugation inherent in the employment relationship. Employers willing to press their power advantage too hard run the risk that workers will act likewise should the opportunity arise. Even relatively unskilled workers can find moments to do this, for example by refusing to work overtime to meet a pressing order target. Increasingly, in those areas of work requiring some element of emotional labour, in call centres, for example, employers will understand the benefits of customers encountering contented workers. Thus, while the opportunity to act coercively is nearly always available to employers, such strategies are not cost free and there are incentives to cooperate with workers. These factors impinge equally upon the behaviour of employees. They have an abiding interest in cooperating to ensure the viability and success of the firm, and thereby their employment, but they will guard against arbitrary or excessive demands placed upon them. In Edwards’ term (1986), therefore, the employment relationship is characterized by ‘structured antagonism’. There is an underlying conflict of interest between employers and workers but it is not always apparent. Contingent pressures may act on the parties to induce high levels of cooperation but tensions may remain beneath the surface and emerge during moments of crisis or change. An ability to understand and anticipate changes in the character and perception of employment relations is thus an important requirement of those involved in them.

Such a perspective provides an analytical tool for understanding the nature of work processes, the forces that shape them and the rewards and benefits deriving from them. In particular it suggests that one response to the uncertainty inherent
in the employment relationship is to generate rules governing behaviour in the workplace, and this is the activity that provides the focal point for the study of industrial relations. Formally, in capitalist societies, ownership confers on employers the right unilaterally to specify the rules of employment; the terms of the employment relationship. However, an industrial relations analysis, centred on these features of the employment relationship, draws our attention also to the potential for negotiation in the specification of rules (see Brown, this volume).

Rules may be of different kinds and generated at different levels. Distinctions can be drawn between managerial and market relations, for example. Rules of the first kind govern the prerogatives of the actors and the ways in which these can be used legitimately. They may confirm the power of managers to make decisions on how production should be organized, while offering some assurances to employees that this control will be implemented with respect and consideration for the interests of employees. Those rules concerned with market relations will stipulate relative rewards available to workers engaged in different tasks. Again, these may confirm the power of managers to make key decisions, such as the allocation of jobs or particular earning opportunities, but they may also make clear the criteria affecting such decisions and even offer scope for negotiation.

This argument indicates a need to specify both the actors involved in these rule-making processes and the level at which they operate. The first and most obvious is at the level of the workplace, where employers and workers develop and codify shared understandings. Such is the context affecting large numbers of those employed in small and medium-sized enterprises (see Ram and Edwards, this volume), where processes can be based often on tacit agreements between workgroups and their managers. In large, complex organizations these kinds of understandings are more usually formalized into written procedures and agreements. Employees have often sought representative agents to act on their behalf in such processes, in part for the negotiating expertise they bring to bear but also to mitigate the power imbalance between individual workers and their employer. This is the kind of rule-making experienced under collective bargaining between employers and trade unions which has provided the formal focus of much industrial relations research.

But bargaining of this kind has never taken place purely in isolation; it is affected by processes below and above formal negotiations. Even in large organizations, codified understandings have often been derived from and supplemented by informal compromises with workgroups, managers turning a ‘blind-eye’ to minor infringements, for example. Conversely, the rights and duties of parties to the employment relationship may be defined above the level of the workplace and enshrined in law. Rule-making of this kind, referred to often as legal enactment, may perform an auxiliary role, establishing the context with which such rule-making takes place, and furnishing only minimum rights and protections, or may go beyond this to intervene directly in the employment relationship and establish standards governing key aspects of managerial or market relations (see Colling; Dickens and Hall, this volume). Thus, the state may establish rules governing the procedures through which workers can be disciplined and dismissed or even influence the length and composition of working time and the calculation of pay.
This then is the terrain of industrial relations and it should be clear by now that it is not as narrow as critics sometime suggest. It is true that the subject in Britain and North America became geared closely to specific systems of formal regulation based on collective bargaining. This was to the neglect in practice of large sections of the economy where such regulation was underdeveloped (e.g. the service sector) and large parts of the workforce (e.g. women who tended to work in the service sector). Such weaknesses can be explained partly by the context of voluntarism in which the subject developed. The innate and often visceral hostility of Britain’s system of common law to collective rights fostered a deep mistrust of employment regulation by state and judicial mechanisms amongst all parties (for a full account, see Deakin and Morris 2005: 5–42). For most of the 20th century, therefore, the policy emphasis in the UK was on facilitating voluntary self-regulation of employment by employers and worker representatives through collective bargaining and this provided the research focus for students of industrial relations. As Kaufman puts it (2008: 317), ‘the field’s shift towards unions was not only a pragmatic accommodation but an intellectual and ideological commitment on the part of many scholars, not only to collective bargaining but to larger programmes of social democracy and collective organization of the economy’.

But it is important to distinguish between this focus in practice and the underlying, if neglected, conceptual foundations of the subject. In describing industrial relations systems, Dunlop (1958) attempted to locate exchanges within the institutions of job regulation in their wider societal context, identifying the key components of the employment relationship and the layers around it influencing their interaction. Significantly, macro-level analysis of this kind has been resurgent within industrial relations more recently, as a response to the challenge of globalization and international integration. Debate about whether these pressures will force convergence in employment systems, for example, requires that their basic elements can be identified and connections explored with processes of social and economic change (e.g. see Ludlum et al. 2003; Streeck and Thelen 2005). It has become common, therefore, to distinguish between the full range of actors involved in the process, including employers, the state, workers and their representatives. At the same time, the processes are not axiomatically focused on collective bargaining. Different regulatory mechanisms were recognized by the earliest pioneers in the subject, the Webbs famously distinguishing between legal enactment and collective bargaining at the end of the 19th century (Hyman 2003). Balances between actors and processes are known to depend on context. Critically, the balance between law and collective bargaining has varied by national context, subject to differences in legal and political systems (see Colling, this volume). But also within these arenas, the public sector is different to the private sector; parts of the private sector are subject to quite different pressures; and small firms are engaged in different ways with both of these broader parts of the economy (see Arrowsmith; Bach; Ram and Edwards, this volume). Finally, and most critically, a range of social and policy outcomes cannot be understood without a thoroughgoing understanding of the employment relationship, a theme to which we must return.
Studying Employment in Transition

This strand in our argument has a deliberate double meaning. One reading points to the magnitude of change in employment, another to the crisis affecting ideas about how best to understand and study such changes. While perhaps distinctively blunt, the conclusion of one leading management commentator has resonated widely in recent years: ‘there seems little energy left in a distinctive industrial relations field of study and few managers look to the literature for inspiration about how to manage better’ (Emmott 2005: 15). Policy makers have also in recent years adopted the view that approaches rooted in industrial relations perspectives – for example, in dealing with issues such as productivity and conflict – are less relevant than in earlier decades; a misapprehension dealt with by Keep et al. and by Heyes and Nolan in this volume. The ‘productivity debate’ has shifted to an interest in the relationship between so-called ‘strategic human resource management’ and corporate performance (analysed in this volume by Edwards and Sengupta) and to a preoccupation with supply-side factors such as skills and competencies (addressed here by Keep et al.). Analyses of conflict have shifted to some extent from the collective to the individual, reflected, for example, in the inexorably growing list of grievances and complaints taken to Employment Tribunals (see the chapter by Colling).

Likewise, the political economy of universities increasingly has prioritized the practical concerns of (putative) managers. Courses on industrial relations have been displaced by others using the terminology of human resource management. The reasons are easy to understand. At the most superficial level, managers comprise a greater proportion of the workforce than they once did, and so provide a viable market for higher education. More significantly, shifts in the way that the employment relationship is now managed mean that unequivocally, ‘the principal actor in employee relations is in fact management’ (Blyton and Turnbull 2004: 99). One consequence of this shift in power and authority within the employment relationship has been the ill-founded claim that changes in the world of paid work are so substantial that the concerns of traditional industrial relations research are no longer useful or even generally applicable.

Changing Work, Employment and Regulation

There is no doubt that work has been changing in important respects and very rapidly on some dimensions. The attention of industrial relations scholars has been forced away from traditional concerns, focused on the underlying homogeneity of employment in large, stable, UK-owned workplaces, towards the greater number of actors and processes now at play (see Freeman et al. 2005; Heery and Frege 2006).

Let us first take labour market participation. The overall rise in economic activity towards the levels indicated above has been gradual, but shifts within this total have been very significant. In the 1950s, around one third of women were economically
active while the majority of men entered employment immediately on leaving school and stayed there until they reached retirement age, usually working full-time (Crompton 1997: 25). This pattern was seen to justify ‘breadwinner’ status; wages offered to men were higher on the ground that they secured the ‘family wage’, whereas women’s work was understood to provide only supplementary income (Barrett and McIntosh 1982). This model of standard employment provided the mainstay of industrial relations but has now changed almost out of all recognition (Dean and Liff, this volume). The bastions of male employment have gone into decline, particularly in manufacturing industry (see below) and young men and those approaching retirement age have begun to fall out of formal employment. At the same time, women have been drawn back into the labour market in substantial numbers and across all age ranges. There are now as many jobs performed mainly by women as there are performed by men (Hughes 2009: 53) and most women will be involved in paid work of some sort for most of their adult lives.

At the same time, as Crouch makes clear (this volume), the British labour market has become more diverse in terms of race. Immigrants from the former Commonwealth countries have formed a significant component for some time, comprising about 4% of the total population in the 1950s (Rutter and Latorre 2009: 202). In recent years inward migration has increased significantly and migrants now come from a much broader range of countries, including new EU member states from Eastern Europe often referred to as the A8 countries. Precise measures are difficult, because many of these workers stay for only short periods, but it is estimated that the foreign-born population now comprises 11% of the total (ibid.). That nearly all of those coming from the A8 countries arrived in the UK after 1999 is to be expected, but significant proportions of those from the Middle East and Africa (48%), from India (53%), and from Australia (50%) and North America (50%) also arrived only recently (Khan and Kerr 2009: 5).

Distinct from the composition of the labour market, the occupational roles into which workers are recruited have also changed substantially, as a consequence of economic restructuring deep enough to connote for some the arrival of the post-industrial society (Bell 1973). Over 25 years between 1981 and 2006, employment in primary (e.g. mining and agriculture) and secondary industries (e.g. manufacturing and construction) more or less halved to 4.7 million jobs (Self and Zealey 2007: 46). The implosion of British manufacturing employment has been especially dramatic, falling by 58% between 1978 and 2008 to just 2.9 million employees (Hughes 2009: 53). Overwhelmingly, the long-term shift has been inexorably towards service sector employment. Reflecting the trends in consumer credit and consumption outlined above, financial services alone now employ 5.4 million people – more than the combined total of primary and secondary industries and almost twice the size of the manufacturing workforce.

The occupational roles required by these industries are substantially different as a consequence. In the 1950s, two thirds of workers were employed in manual occupations, principally in manufacturing; a proportion cut in half since then. In the final quarter of 2008, manual work (machine operatives, elementary occupations and skilled trades together) accounted for only 29% of the labour market
(Hughes 2009: 46). Conversely, only small minorities in the 1950s were employed in management positions (6%) or professional and technical occupations (7%) (Gallie 2001: 2). The number of managers has tripled now to 15% of the workforce and over a quarter (27%) now work either in the professions (e.g. lawyers) or associate professions (e.g. teachers).

A third axis of significant change is the trading environment in which companies operate and employ their staff. Britain has always had a relatively open and internationalized economy, as a consequence of its naval prowess, economic aspirations and consequently its empire: ‘the demand for sugar drew merchants to the Caribbean. The demand for spices, tea and textiles drew them to Asia’ (Ferguson 2003: xxv). As Marginson and Meardi make clear (this volume), the outward orientation of Britain’s latter-day merchants is still more marked: overseas investment by British companies increased six-fold between 1990 and 2006. Just as important is the relatively unchecked influx into Britain of investment from overseas competitors, which also increased six-fold over the same time period (ibid.). Such investment trends are closely implicated in the industrial restructuring explored above. Though many prominent British manufacturing companies have succumbed to international competition, it is not always the case that manufacturing work is no longer being done; as British firms have acquired production capacity abroad, it is just not being done in Britain any longer. Two fifths of manufactured imports into OECD countries come from developing economies, such as India and China, suggesting a new international division of labour (McGrew 2008: 284). Similarly, the shift to financial services employment in particular has been fuelled by the arrival of multinational banks and financial institutions, attracted by deregulation in the City of London and the open market for mortgage and consumer credit. And thus to a further dimension of change, international competition has increased in capital markets as well as product markets. Open share markets mean that there are relatively few barriers to mergers and acquisitions in Britain, and investors can move their funds between public companies in pursuit of the best financial returns (see Sisson and Purcell, this volume). This short-term approach to investment has intensified as a consequence of innovation in investment vehicles. Private equity firms, for example, borrow money to buy companies outright with a view to removing liabilities in the businesses and selling them again for a profit within a short time frame (Peston 2008: 29). As a consequence, as Thompson notes (2003: 366), ‘capital markets are no longer merely intermediaries in relations between economic actors, but a regulator of firm and household behaviour’. Shifts in product and capital market competition intensify further the pressure on managers to maintain short-run financial performance and to remove any obstacles that might constrain their ability to do so.

Fourth, organizations have changed substantially in response to these pressures. For much of the 20th century, it was common to distinguish between market and bureaucratic models and to trace a line of development towards the latter. Most workers in Britain were employed in large, integrated firms with an unmistakable single identity, and the same was true in the public sector. Competitive pressures have changed this scenario in favour of flexible or ‘network’ organizations. Two lines of organizational change have become particularly apparent. First, accountability for
business and financial performance has been divisionalized within companies. While investment and strategic decisions may be taken at higher levels, brand identities and operational decisions including those affecting employment are taken at the level of individual businesses, and often at relatively decentralized levels within them. Second, interactions within companies are characterized more and more by markets rather than hierarchies. Divisions and business units, for example, are invited to vet the performance and costs of the services they source from within the firm, and to switch to external providers if this delivers improvements. In the public sector particularly, but also across large private corporations, businesses increasingly outsource important business services, such as buildings maintenance, customer enquiries, even elements of the HRM function. Other newer business may never seek to provide them internally in the first place but to insource the service from a specialist third party. Again, the consequences for employment and the way it is regulated are stark:

[Organizations] are no longer so clearly or permanently defined, their hierarchical organization has been challenged, their size has been reduced and the exposure to risks has increased. This is why the protections that belong to these institutions afforded in the long term have been greatly eroded: both at home and at work a general principle of uncertainty has spread over everyone’s lives, while the number of people seesawing in and out of insecurity has grown steadily. (Supiot 2002: 219)

Finally, and perhaps most significantly for our purposes, these combined pressures have been strongly associated with the declining purchase of collective bargaining as an effective means of regulation (see, Brown; Simms and Charlwood; Sisson and Purcell, this volume). While collective bargaining established the terms and conditions of employment for two thirds of the workforce in 1980, now just over one third are in this position (Brown and Nash 2008: 95). Research suggests this decline has now stabilized. In part, unions have become adept at using a more favourable legislative climate (including statutory rights to trade union recognition) but it also seems likely that the need for coordinated pay setting is acknowledged and accepted broadly in those sectors where it remains, including the public sector (see Bach, this volume). Nevertheless, only one in five private sector workers is covered by a collective agreement. Manufacturing industry, once the focal point for formal industrial relations, now has a lower unionization rate than the rest of the economy (Metcalf 2005: 3). Areas of employment growth, small firms and those in the service sector remain especially impervious to joint regulation (outside of those providing public services, where outsourced staff retain rights to trade union representation).

In summary, virtually all the actors and institutions of employment have been through dramatic and turbulent change over the last 30 years, involving complex processes delivering important challenges to those studying employment and its regulation. More even distribution of work across labour markets potentially masks significant polarization and differentiation within them (Humphries and Rubery 1992). Any attempt to engage with these important developments takes researchers immediately away from the established terrain of formal industrial relations. Though as Dean and Liff make clear (this volume), collective bargaining
has been associated with lower levels of gendered inequality, for example, many women and most migrant workers are employed in areas beyond the reach of formal agreements. As has always been the case, the law and statutory intervention play critical roles in defining and diffusing employment standards in these areas. Both have grown substantially as a result of recent developments and extended beyond equality policy to establish key employment standards once set by collective bargaining (see Colling; Dickens and Hall; Grimshaw and Rubery; Hyman, this volume). Re-engagement with the state and the mechanisms of legal regulation have become inescapable in this context.

Industrial and occupational trends carry important implications for social identity, and thereby relationships in the workplace, but these need careful interpretation (see Simms and Charlwood, this volume). Employment structures in the 1950s supported relatively clear occupational attitudes (see above) for significant parts of the workforce, able to distinguish clearly their working and family lives from the privileged minorities engaged to manage them. Particularly in comparatively homogeneous occupational communities built around mining, shipbuilding and steel, this underpinned demand for union representation and collective bargaining. But it is important to avoid ‘dualistic historical thinking whereby a communitarian and solidaristic proletariat of some bygone heyday of class antagonism is set against the atomised and consumer-oriented working class of today’ (Marshall et al. in Butler and Watt 2007: 179). Occupational change is a constant feature of capitalist development and has long provided puzzles for commentators interested in the responses of workers and their institutions. Questions about growing affluence and its impact on class identity were rife even during the high points of collective bargaining, providing the focal point of studies in coal fields and car plants, for example (see Dennis et al. 1969; Goldthorpe and Lockwood 1969).

Moreover, new occupational identities emerge continually: collective bargaining and industrial action these days are focused principally in the public sector, amongst professionals and associate professionals as much as manual workers, and it is often overlooked that more than one in five workers in financial services, the totem of the new service economy, is a trade union member (Barratt 2009: 10, 12). The fact that union membership even in these new mainstays continues to decline, coupled with the trends in private consumption noted above, confirms that the class identity is shifting constantly with important consequences for workplace dynamics (Botero 2009). And, of course, this opens questions about representation, involvement and the processes of conflict and accommodation in the new workplaces and communities that have developed in the wake of re-structuring (Terry, this volume).

A final set of challenges arises from the definition of the employment relationship in these environments. Usually, this has relied upon the binary identification of workers and their employer, allowing the allocation of rights and responsibilities between them. Newly flexible working arrangements and complex organizations make this process problematic. Growing proportions of the labour market are engaged by intermediaries, such as employment agencies. Employees subject to outsourcing find themselves transferred from one organization to another, with possible consequences for their contracts of employment, the organization of
their work, and the way that they are managed. Those employed by providers of *insourced* services may be deployed in a range of companies simultaneously, call centres taking enquiries on behalf of a range of clients, for example. Responsibility for control and direction of staff is diffused up and down and across organizations. Critically, these developments potentially obscure the identity of the employer and the nature of the employment relationship, a process epitomized in the increasingly necessary request from employment advisers, ‘will the real employer please stand up?’ (Wynn and Leighton 2006).

**The Resilience of Industrial Relations Approaches**

Our argument so far has acknowledged the need for industrial relations analysis to move beyond the concerns that dominated the subject for half a century and to rediscover a more expansive and inclusive approach to employment relations. Substantial strengths inherent in the approach derive principally from a focus on the employment relationship in its social context and a multidisciplinary perspective which brings a range of social scientific concepts to bear on workplace matters. In this penultimate section, we substantiate these claimed strengths with reference to two stubbornly enduring policy challenges: employment quality and social inequality. Attempts to address them recently have cohered around improving the supply of skills to the labour market; encouraging further inward investment; and by ensuring fairness in employment through the growth of minimum statutory rights. These have met with modest results overall. An industrial relations perspective, by contrast, lays emphasis on the centrality of regulation in the workplace (for a fuller exploration than is possible here, see Sisson 2008).

As we have seen, current policy trajectories have proved effective in promoting employment growth and integration. Employment growth has been guaranteed by the removal of obstacles to inward investment, so that employment in services in particular has been boosted by international companies locating in Britain. Industrial restructuring of this kind has been associated with occupational restructuring: the decline in manual and elementary roles and increased demand for managerial and professional expertise is said to constitute an ‘upskilling’ of the workforce. Integration has involved drawing into the labour market large numbers of women and migrant workers, often on flexible employment contracts. Though these positions in themselves are often precarious and insecure, policy makers take great pride in the supposed absence of obstacles to more secure work. That is, there is an expectation of flexible labour markets in Britain, enabling workers to move between different kinds of contractual arrangements.

Yet this positive picture requires some qualification: it certainly cannot be concluded that the underlying character of work and employment relations has been transformed by any general upskilling or by consequent improvement in rewards from employment. The skill requirements of many jobs remain relatively menial (see Keep *et al.*, this volume) and there is limited evidence of management strategies based on job enrichment. One common characterization of the ‘hourglass
labour market’ suggests that there has been an expansion both of good and of poor jobs, with relatively well-paid mid-ranking jobs being squeezed (Goos and Manning 2003). Alternative readings suggest that even this may prove too optimistic. Let us take the issue of employment security and job tenure, for example. Longer job tenures may indicate ‘good’ work, to the extent that it suggests satisfaction with the role and a willingness to stay. Conversely, it may still be associated with employment insecurity where alternative employment is hard to find and cherished features of the present job are perceived to be under threat (Burchell 2002). As Coats puts it (2009: 25), ‘it is quite possible for a skilled and apparently well-paid employee to believe that their job is insecure, that they lack autonomy and control, that the workplace is unfair, and that they cannot rely on either their colleagues or their employer’.

Certainly, the general picture emerging from survey data is one of marked intensification of work effort (with increases of up to one third) between 1992 and 1997 compensated for to some extent by a levelling of this trend since then: ‘work has become much more pressurised and more demanding, with workers subject to increasing levels of stress and anxiety at work’ (Brown et al. 2007: 6). For example, 40% of workers feel that they never have enough time to get work done and more than one quarter say that they worry a lot about work outside of work hours (ibid.: 19). Significantly, both of these measures increased between 1998 and 2004 and were more likely to be a feature of new workplaces than older ones. The prospects for high-skill and high-commitment workplaces are not strong overall and are contingent on specific circumstances (see Edwards and Sengupta, this volume).

A similarly chequered analysis emerges when considering inequality. New Labour came to power in 1997 determined to reverse increases in absolute poverty witnessed during the 1980s and 1990s. Policy focused on widening access to work (see above) and increasing the returns from paid work through the introduction of the national minimum wage and reform of the tax system (see Grimshaw and Rubery, this volume). Opportunities to work have undoubtedly increased and preceding incremental trends towards greater social equality have been re-established and accelerated since 1997. The incomes of the poorest sections of the labour market were lifted and measures of absolute poverty fell: ‘income growth at the bottom in the New Labour period represents the first sustained rise in living standards since the 1960s and early 1970s’ (Hills et al. 2009: 342).

Yet social mobility has not recovered in the same way, even in a context until recently of economic expansion. Indeed, it may have worsened on some counts, as government commissioned reports concede frankly:

It has long been recognised that the UK is a highly unequal society in which class background still too often determines life chances. Hence the welcome focus in recent years on tackling poverty and disadvantage. But we need to recognise too that a closed shop mentality in our country means too many people, from middle income as well as low income families, encounter doors that are shut to their talents. (Cabinet Office 2009: 6–7)
Persistent poverty, meaning income below a set standard for three of the four preceding years, has fallen but is still entrenched in Britain (Hills et al. 2009: 344). The number of workless households (where no one over the age of 16 is in employment) has remained at about the 16% level throughout this period and a further 27% of households contain one or more members who are out of work (Jenkins 2008: 3). More important, the growth of ‘poor work’ at the bottom of the earnings scales means that there is real doubt about whether work any longer provides a route out of poverty for significant proportions of the workforce. Ten low-paying industries identified by the Low Pay Commission account for one third of all jobs in the UK and 70% of those working at or below the national minimum wage (Low Pay Commission 2009: 58). Three fifths of workers at this earnings level across the economy have been in that employment for more than one year (ibid.: 19) and reviews of ‘in-work poverty’ conclude that, ‘Poor children are increasingly likely to come from a working family. Today, 50 per cent of all poor children live in families where at least one parent works. This compares with 40 per cent ten years ago’ (Tripney et al. 2009: 7).

Despite investment in economic regeneration, these patterns of worklessness and poor work are intractably focused on particular regions (Dorling et al. 2007; Low Pay Commission 2009). Managers and professionals may be willing to move for work opportunities but only minorities of people overall will do so. Manual workers are three times less likely to move for work and those with school level or no qualifications are half as likely to do so as those with degrees (Dixon 2003: 195). Job horizons for these groups are confined not just by what is available locally, but by the knowledge contained in networks of friends and family which tends also to be highly localized: ‘because those that helped in finding jobs were also typically confined to the same sectors of the labour market as them, our interviewees remained constrained to work at the bottom of the labour market that offered little chance of personal progression’ (MacDonald et al. 2005: 884).

While these poorest groups have benefited in absolute terms of their minimum pay, their relative position has barely improved and has deteriorated markedly on some measures. This is usually considered the more robust indicator of equality since ‘a relative standard is a moving target, one reduces poverty only if one generates a larger increase in incomes of the poor than is achieved by the middle class’ (Dickens and Ellwood 2003: 225). This has proved difficult in Britain, where improving relative income has relied almost exclusively on setting minimum pay and redistributive tax and benefit measures. There has been a marked reluctance to intervene in decision-making over pay at any level above this minimum floor, either in terms of promoting joint regulation between trade unions and employers or establishing meaningful procedures to limit executive pay. Relative measures in this context have benefited to the extent that income growth amongst middle-earners has slowed, particularly as the growing numbers of degree-qualified workers has reduced the returns from education (Machin 2003). But this effect has been swept away by striking and sustained income increases at the upper end of the scale. Between 1997 and 2005, income for the top 10% of earners increased faster than for the rest of the population,
and ‘the average earnings of a top 100 CEO was more than £2.2 million per annum, or nearly 100 times the average for all full-time employees’ (Sefton et al. 2009: 26). Consequently, the UK is one of only eight countries above the European Union average on measures of the proportion of individuals with incomes below 60% of the median (Self and Zealey 2007: 68) and one of only two countries from the EU15 where relative inequality has worsened since 1998 (Hills et al. 2009: 343).

Our understanding of the roots of these issues can again be enhanced through industrial relations analysis and by a revitalized focus upon the employment relationship at the heart of these developments. They draw our attention to the need to understand the indeterminate nature of the design and organization of work, the division of labour between workers and the intensity of production. There is a tendency to subscribe to a form of determinism in which the nature of work (the ‘bundle’ of tasks brought together to constitute particular jobs) and the rewards offered in exchange flow directly from the prevailing technology or market pressures. Industrial relations analysis acknowledges the importance of such factors but also insists that the way in which, for example, employers choose between production technologies (and the influence of employees over such choices) also has to be understood as part of the working-through of the tensions involved in the employment relationship.

Decisions about the complexity of technology and the level of investment required in order to remain competitive will be subject to environmental circumstances, such as the relative availability and cost of labour and the ease with which it can be engaged and dismissed. Britain’s flexible labour markets and weakened employee voice provide relatively few obstacles to ‘low-road’ competitive strategies, founded on cheap labour performing unskilled tasks. Recent change has had the effect of diminishing the countervailing power of workers and expanding the role of managers and the pressure upon them to sustain financial performance above other measures. As Sisson has argued repeatedly, Britain’s managerial culture, with its continuous emphasis on year-on-year profitability, predisposes employers towards short-term ‘fixes’ in times of economic turbulence – use of overtime, work intensification, layoff and dismissal – rather than longer-term strategies of work redesign in capital investment more characteristic of some other northern European economies: ‘there is a massive tension between the degree of stability necessary for HRM and HPWS to operate effectively and the insecurity inherent in current forms of corporate governance’ (Thompson 2003: 365). Arguably, the enthusiasm for so-called ‘lean production’ in the 1990s, with its catchy slogan ‘work smarter – not harder’, failed to translate into anything more than work intensification precisely because of weaknesses in the regulation of employment (Rees et al. 1997). The growth of ‘poor work’ and the persistence of poverty must be understood partly in that context (see Edwards and Sengupta; Keep et al., this volume).

Income inequality was for much of the 1960s and 1970s, an area of industrial relations attention, in particular insofar as the maintenance of ‘differentials’ (income relationships between different categories of employees in the same enterprise) and ‘relativities’ (pay relationships within sectors) formed part of pay
claims in collective bargaining and, on occasion, the reason for pay conflict. The overall dynamic of collective bargaining is to restrain pay dispersion:

This is because unions protect the pay of those on low earnings and because unionized workplaces make more use of objective criteria – seniority for example – in setting pay rather than subjective factors – like merit – preferred in non-union establishments. Unions also compress the pay structure between different groups in the labour market: women and men, blacks and whites, and those with health problems and the healthy. (Metcalf 2005: 15)

Such processes are still at work across important parts of the economy, particularly in the public sector (see Bach; Dean and Liff, this volume). Elsewhere, pay determination is at the discretion of management, subject principally to market pressures, the requirements of equality legislation, and at the very lowest level, the national minimum wage. An industrial relations analysis of the actions and interests of the actors in these processes therefore can provide some insight into both the reasons for wage dispersion and the mechanisms to address at least some of its negative social consequences.

Two implications flow from examples such as these, both of great importance to students of industrial relations. The first is that policy makers concerned with the issues dealt with above should recognize that insofar as the problems derive in part from the regulation (or lack of regulation) of the employment relationship, they need to understand the workings of industrial relations processes and institutions if they wish to propose serious remedies. The second is that those wishing to understand and explain interactions in the workplace, whether as students, policy makers or managers, cannot work within a framework that stops ‘at the factory gate’ (or more likely the office door). The study of industrial relations reveals that problems experienced in specific workplaces often have deep roots in other aspects of social and economic life and can rarely be resolved without such an understanding. As several of the authors in this volume demonstrate, however, such perspectives on these issues have not adequately caught the imagination and attention of those preoccupied with policy in vital social areas and that remains a key challenge for the subject.

The Structure of the Book

This book, like its predecessors in this series, is about industrial relations in Britain but it aims to locate developments here in their international context. The chapters, all written by leading authorities in the field, most of them members of or closely associated with the Industrial Relations Research Unit at the University of Warwick, follow the established tradition of developing an understanding of key issues in industrial relations through conceptual development grounded in the best empirical research.

The chapters fall under five major headings. The first acknowledges explicitly the importance of the international context for interactions in British workplaces,
a theme which then runs through several contributions (most obviously, Marginson and Meardi). The subsequent four sections are derived from the ‘systems approach’ discussed above and adopted in many industrial relations texts: context, actors, processes and outcomes. The advantages of structure and order this provides potentially masks important connections and overlap between the sections. Chapters by Crouch and Hyman, for example, both locate UK industrial relations within explicit comparative contexts – of labour market dynamics and of European politics and regulatory frameworks respectively – and in doing so make clear both the universal application of industrial relations approaches and the need to understand sources of national variation. But they also necessarily provide information on key actors and processes, anticipating subsequent discussion. The sensitivity to context revealed in these chapters also informs many of the subsequent chapters dealing with actors. Thus, for example, the chapter on management by Sisson and Purcell locates its analysis of managerial action firmly within the context of changing structural and financial environments while those by Arrowsmith, Bach, Marginson and Meardi and Ram and Edwards all stress the need to understand industrial relations action, particularly that of management, the ‘dominant actor’ within specific contexts of ownership, sector, geography and size.

In different ways all these illustrate a central theme of this chapter, the need to abandon assumptions, often implicit, of some earlier approaches, that the terrain for industrial relations analysis could be reduced to that of a large UK-based manufacturing plant or a national public sector service. Similarly, the chapter by Simms and Charlwood argues for an analytical approach to trade union decline, identifying sources of power and linking actors to contexts.

The chapters on process illustrate two further issues that reflect the need for industrial relations to abandon earlier limiting assumptions. First is the explicit recognition that an emphasis on collective bargaining between employers and trade unions as the dominant process – possibly even the sole process – of regulation of the employment relationship has to give way to a more diversified approach that embraces other modes of regulation. The second, particular to the UK within a European context, is the ever-greater emphasis placed on understanding the more complex and interventionist role of legal intervention into employment regulation. Thus while some of the tensions and dynamics within contemporary UK industrial relations can only be understood by reference to its ‘voluntarist’ past, the idea, once widespread, that law plays only a minor, auxiliary role in employment regulation has to be fully abandoned. Dickens and Hall and Colling provide overviews of the UK legal framework, linking references in virtually every other chapter in the book to the role of law in helping understanding of current developments.

The final section on ‘outcomes’ is conceived much more broadly than in Dunlop’s treatment, which focused on the hierarchies of rules affecting employment. Rather, the chapters evaluate current policy results in four critical areas: skills; economic performance; pay and working time; and equality and diversity. Readers may be frustrated by the selectivity required in a volume of this size: there is no chapter on health and safety or on conflict, though this latter theme is
discussed in other substantive chapters (e.g. Simms and Charlwood; Colling; Dean and Liff). Another criticism of the classification deployed by the editors here must be accepted – many of the issues discussed under this heading might be considered issues of context as much as outcomes. Social inequality, for example, structures approaches to the labour market as much as it is perpetuated by it. Such is the rich terrain of industrial relations analysis, however, and we must hope at least that it helps to stimulate further debate.

This is not a book to be read from cover to cover, except perhaps by book reviewers; but the reading of one chapter alone is unlikely to be sufficient for students of the subject to grasp all the key issues relating to that topic. Pay and pay structures provide one example of this. Readers interested in the subject may well start with the chapter by Grimshaw and Rubery and, having read it, will know that they also need to read those by Keep et al. on skills, by Dean and Liff on gendered pay and by Brown on the decline of collective bargaining for a more comprehensive grasp of the issues involved. We have tried to illustrate the importance of these interconnections by cross-referencing throughout but engaged readers will, we hope, be able to use the richness of the chapters to establish their own patterns of search and discovery.

References


Sisson, K. 2008: *Why employment relations matters*. Seminar paper given to the Industrial Relations Research Unit, University of Warwick, November.


