

Discussion Papers in Economics

HAVE INDUSTRIAL RELATIONS IN THE UK
REALLY IMPROVED?

By

Stephen Drinkwater
(University of Surrey)

Peter Ingram
(University of Surrey)

DP 09/03

Department of Economics
University of Surrey
Guildford
Surrey GU2 7XH, UK
Telephone +44 (0)1483 689380
Facsimile +44 (0)1483 689548
Web www.econ.surrey.ac.uk

Have industrial relations in the UK really improved?

Stephen Drinkwater*

Peter Ingram**

Abstract

The number of strikes reported in British industry has been on a downward trend over the past two decades, falling in 1998 to their lowest level since records began. This may indicate that relations within British industry have improved, however, the same period has also witnessed a sharp increase in the number of individual ACAS and employment tribunal cases. We discuss possible reasons for the changes in the patterns of industrial unrest over time and use individual microdata to examine whether the observed decline in strike activity has actually been associated with an improvement in perceptions of workplace industrial relations.

Keywords: Industrial relations; strikes; individual disputes.

JEL Classification: J52; J53.

* Stephen Drinkwater (author for correspondence), Department of Economics, University of Surrey, Guildford, Surrey, United Kingdom, GU2 7XH and IZA, Bonn. Tel: +44 (0)1483 689320; Fax: +44 (0)1483 689548; E-mail: s.drinkwater@surrey.ac.uk.

** Peter Ingram, Department of Economics, University of Surrey, Guildford, Surrey, United Kingdom, GU2 7XH.

Acknowledgements

The *British Social Attitudes Survey* was originally collected by Social and Community Planning Research, London and made available through the UK Data Archive at the University of Essex. The CBI Pay Settlements Survey is also available through the UK Data Archive and are used here with the permission of the CBI. We would like to thank participants at the Economics of Education and Employment Group Annual Conference at the University of Leicester, Sarah Brown and Paul Latreille for very helpful comments. The help of Jonathan Wadsworth and the suggestions of two anonymous referees are also gratefully acknowledged. The usual disclaimer applies.

1. Introduction

Barometric or leading indicators of workplace unrest offer a guide to the changing economic circumstances affecting production. In recent years, the traditional yardstick of workplace relations, the strike, has fallen to historically low levels in the United Kingdom (UK), suggesting that workplace industrial relations are improving. However, other evidence qualifies the extent to which workplace relations in the UK are as harmonious as the traditional data would suggest. Therefore, the purpose of this paper is to attempt to provide a broader comprehension of the climate of industrial relations in the UK.

Industrial disruption, typically through the strike and its threat, has represented the essential method of leverage on management. For economists, this has been the principal rationale for the study of strike activity. The decline in the traditional measure of workplace dissatisfaction may therefore imply that currently there is little wrong in UK workplaces. However, as strikes have declined, alternative forms of expressing discontent have emerged at the workplace. Thus in this paper, we attempt to identify alternative means through which the disruption of normal working arrangements is now being exercised. These manifestations of discontent are potentially of no less interest to economic analysis, insofar that disruption is being caused to production process. In addressing this issue we seek to provide a more complete picture of industrial relations since as Sapsford and Turnbull (1994) state “strikes are not synonymous with industrial conflict” (p. 249).

Although it may be argued that the disruption caused by alternative forms of discontent is likely to be less severe than strikes, there are a number of forms of

industrial conflict that could, in theory, be used in the place of strikes. For example, Yoder (1940) notes that labour turnover is a possible alternative to striking and indeed evidence from the UK suggests that labour turnover has increased over the past two decades, while job tenure has declined (Burgess and Rees, 1996; Gregg and Wadsworth, 2002). However, workplace dissatisfaction is not mentioned by Gregg and Wadsworth (2002) as a possible reason for this trend. Sapsford and Turnbull (1994) examine whether absenteeism is an alternative form of industrial conflict using data from the UK dock industry. They report some evidence that strikes and absenteeism are substitutes but also note that these results would not necessarily hold for other industries. In any case, recent UK evidence suggests little change in trend absenteeism since 1984 (Barmby *et al.*, 1999).

Therefore, rather than focusing on turnover or absenteeism, we will analyse the extent to which strikes have been replaced by another form of industrial conflict, namely individual expressions of unrest. On the surface, there is support for the view that there has been a substitution of individual grievances for strikes since figures for individual ACAS (Advisory, Conciliation and Arbitration Service) cases and employment tribunal (ET) cases have shown a dramatic increase since the late 1980s. More generally, our paper seeks to address the extent to which British industrial relations can be described as more 'harmonious' or, more crudely, better than they were two decades ago. In addition to analysing the ACAS and ET data, we also use survey data from the Confederation of British Industry's (CBI) series on wage dispute incidence, as well as various data provided by the Office for National Statistics (ONS). We complete our examination of this issue by making use of detailed microdata from the *British Social Attitudes Survey*

(BSAS) since this dataset contains a measure of the perceived climate of industrial relations between 1983 and 2000.

2. Changing patterns in industrial disputes

According to the ONS, stoppages of work reached an all time low in 1998. The number of stoppages of work was just 166 over the course of the year, the lowest figure since records began in 1891 (Davis, 1999). This was roughly equal to one stoppage per 150,000 employees during the year as a whole. The number of working days lost, a measure of lost production, was similarly low at just 258,000 days, or a total of 5 minutes, 17 seconds per employee: significantly less than absences caused by the common cold or other forms of absence. Since 1993 the number of stoppages at work has also been low, with less than 250 stoppages in each year.

However we are concerned with the broad trend in industrial disputes over time rather than examining individual years. Figure 1 shows the most conventionally used indicator of strike activity, the number of working days lost (per thousand workers), for the UK between 1979 and 2001. The number of working days lost was highest in the first year of the period – when the so-called ‘Winter of Discontent’ took place. There was another peak in strike activity in 1984, although a large part of this figure is accounted for by the year-long Miner’s Strike. Working days lost remained relatively high until 1990, after which they fell quite rapidly and have remained at a low level since. Davis (2001b) summarises the decline in strike behaviour and reports that the average annual number of days lost through strikes was 12.9 million during the 1970s, falling to 7.2 million in the 1980s and to just 660,000 in the 1990s.

Davis (2001a) reports that similar patterns have been witnessed across OECD countries. Therefore, there have been some generic reasons why strikes have fallen but there are also some which are specific to the UK. For example, the decline in stoppages at work has been attributed to: the role of employment law, (Dorey, 1993; Freeman and Pelletier, 1991; Metcalf, 1990), the decline in trade union membership (Brook, 2002) and an improvement in the nature of employment relations (Metcalf, 1989; Barrell, 1994).

In contrast, Knight and Latreille (2000a) argue that employee-employer conflicts at the individual level have received relatively little attention in comparison to collective disputes. In industrial relations, negotiations either result in a settlement or reach an impasse. An impasse can involve striking or progressively, as strikes have declined, the use of the role of mediation or third party intervention. Typically this intervention has involved either ET cases or ACAS referrals, in which a third party would seek to intervene in the process of negotiation to draw the parties to settle. Despite the limited attention that has been paid to these types of disputes, both ET and individual ACAS cases have witnessed a rapid increase over the same period in which strikes have declined. The growth of third party intervention and the decline in strike activity is shown in Figure 2.¹ Whilst the number of collective stoppages has fallen almost continuously, the volume of individual cases by workers against their employers has risen dramatically between 1987 and 2001, reaching a combined total of over 250,000 by the end of the period, an increase of more than 300% over the 1983 figure.

¹ The statistics in the figure have been rescaled to take account of the number of employees. For the exact number and a longer time series of each type of dispute as well as other UK labour market indicators, see Table A1 in the Appendix.

The ET Service is an independent judicial body that advises on disputes relating to individual employment rights. Where application is made to the ET Service, usually on grounds of unfair dismissal, discrimination, equal pay and similar related complaints, the objective is to provide a relative quick, accessible and informal access to justice. ACAS cases are similar to ET cases but emphasize the role of dispute resolution through constructive conciliation. As with ET cases, the dispute resolution processes offered by ACAS covers a range of conciliation services to help both parties reach their own solution. The primary objective of ACAS is to settle any dispute between the parties concerned before the dispute proceeds to a tribunal (ACAS, 2001).

The evidence presented in Figure 2 is consistent with the Canadian findings of Hebdon and Stern (1998). They suggest that there may be “unanticipated changes in expressions of industrial conflict when legal changes restrict specific actions such as strikes” (p. 204). They also argue that legal restrictions suppressing the collective strike are associated with a redirection of industrial conflict into forms other than the sanction of the stoppage. Their evidence suggests that movements in more widespread manifestations of conflict are related, both theoretically and empirically.

Therefore, the trend towards greater individual action is consistent with Hebdon and Stern’s proposition that employee unrest can manifest itself in a variety of different forms and that policies directed to restricting a particular type of dispute could prompt alternative forms of disruption elsewhere. As Hebdon and Stern argue, “as simple as this proposition sounds, it is only rarely recognized in practice” (p. 218). Barbash (1979) identifies types of disruption as a collective and individual sanction in the

workplace. Individuals, in the absence of collective forms of unrest, may seek to express their discontent by withholding effort, practicing acts of indiscipline and tardiness. All are potentially costly expressions of discontent to productive efficiency.

Given the change in the pattern of industrial disputes, Cully *et al.* (1998) consider that employment tribunals are now a more prevalent indicator of overt conflict than collective industrial action. These figures give credence to the opinion that there has been a general movement in UK workplaces towards greater individualization of the employment relation, at the expense of collectivism (Kelly, 1998). This trend is likely to have been further enhanced by changes in the employment contract. Brown *et al.* (2000) trace the increase in individualization back to the 1963 Contracts of Employment Act, which was later extended by the European Council Directive 91/553/EEC. However, they note that individual employment rights have been particularly enhanced by the substantial legislation introduced after the new Labour government came to power in 1997. For example, by the end of 1999, the Working Time Directive, the National Minimum Wage, the European Works Council Directive and the Employment Relations Act had been introduced. Using the 1998 *Workplace Employee Relations Survey (WERS)*, Brown *et al.* (2000) report that the influence of trade unions on many aspects of the employment contract had diminished quite considerably over time. They argue that union influence has narrowed and become more consultative at workplaces where they are still recognized, whilst in general, employment contracts have typically become both more formalized and standardized. Knight and Latreille (2000a) further suggest that the volume of tribunal cases may continue to rise with the introduction of the 1999 Employment Relations Act, which

reduces the qualifying period for unfair dismissal to one year and raises the upper limit on compensation payments to £50,000.

There are a number of possible explanations why this transformation has taken place. Firstly, there has been an increase in the cost of organising strikes to employees given the decline in unionisation and the new legislative hurdles that have been imposed on striking groups and trade unions (Freeman and Pelletier, 1991). This could be described as an increased transaction cost to collective action. Secondly, the rate of return to striking, on average, is not significant. Employees realise this and where the returns to an activity are poor, individuals tend to do it less often. Table 1 reports evidence from the CBI Pay Settlements Survey, which extends the work of Metcalf, Wadsworth and Ingram (1993) up to 2000. This suggests that the average return to strike action has typically been small since 1989. Finally, there has been an increased opportunity cost to striking as shown in the average foregone wage. ONS data show that real wage growth since 1980 has been reasonably buoyant for the average employee, implying a reduction in the causes of workplace discontent, possibly suggesting a more harmonious environment at the workplace (Metcalf, 1989).

3. Strikes and other forms of unrest: complements or substitutes?

As already discussed, given that prosecuting a strike has become increasingly 'expensive', other potentially less 'costly' forms of industrial disruption could replace stoppages as substitute forms of disruption. Therefore in addition to highlighting the apparent switch from collective to individual action, it is also important to establish whether or not strikes have been replaced by other forms of collective action. In the past, research has focused on the potential cathartic aspect of strikes. In this view, strikes

provide a mechanism through which the 'collective voice' of a dispute can assist parties in rectifying faults at the workplace (Godard, 1992). The decline in strikes and the progressive reduction in unionised workplaces has perhaps led to a growth in alternative means of addressing workplace grievances and other issues. Previous research has shown that strike incidence and disruptions such as work to rules, go slows and overtime bans, which potentially involve lower costs to workers through foregone wages have been complementary forms of unrest (Edwards, 1981; Cahill and Ingram, 1987; Millward *et al.*, 1992). In effect, strikes and other forms of unrest have fallen and risen together. So while the number of stoppages has declined since the late 1970s, so too have all types of collective unrest. This complementary pattern of decline in collective action might be explained by the fact that the legal impediments to collective action short of a strike, such as pre action ballots, also apply to these alternative types of disruption.

Table 2 reports the correlation between strikes and other types of collective disruption (overtime bans, go slows and other actions) using the CBI Pay Settlements Survey. The correlation coefficients in the table show the pronounced positive association between different types of collective industrial disruption over the period 1979 to 2000. Strike incidence and other types of industrial action have all been closely correlated with each other, whether monitored annually or monthly, indicating that alternative forms of collective disruption have fallen together as strikes have declined. Other recent evidence also appears to endorse the decline in all forms of collective unrest (Cully *et al.*, 1999).

However, as indicated in the previous section, individual as opposed to collective measures of unrest or dissatisfaction qualify the extent of the improvement in industrial

relations. While collective action has risen and fallen together, individual disruption, may occur as a substitute form of expressing a grievance in circumstances where the relative cost of collective action has restricted its use. Under these conditions, individuals may begin to switch to alternative means of expressing their grievances at the workplace as witnessed by the increase in the number of individual cases of discontent. In addition, the decline in union membership and consequent growth in non-union workplaces are likely to have reinforced this trend. The cost to individual employees of embarking on these substitute forms of unrest can be relatively trivial and where successful, potentially lucrative. According to data collected by the TUC in 1999, the average compensation pay out from union backed personal injury claims was £6,150. Although many of these claims are not comparable to strike activity, in either cause or outcome they are reflective of the potential benefits of pressing an individual claim against an employer. Thus the potential benefit of pursuing an ET or individual ACAS case against an employer appears to far outweigh the costs of embarking on the action.

4. Survey evidence on workplace industrial relations

What evidence, in addition to the decline in strike activity, is there that industrial relations at Britain's workplaces have improved since the early 1980s? Given the increased volume of ET and individual cases at ACAS, the issue of workplace industrial relations requires further investigation. We therefore use micro-data from 1983 to 2000 to examine whether industrial relations have changed over the period. The main dataset that we will analyse, the *BSAS*, is a representative sample of British adults who are primarily asked a series of questions regarding their attitudes about a range of social issues.² In addition, the survey also collects information on the respondents' socio-

² See Jowell *et al.* (1984) for a detailed description of the survey.

economic, demographic and workplace characteristics. The survey has been conducted annually since 1983, except for 1988 and 1992 when no surveys took place. The *BSAS* has previously been used for analysing industrial relations by Brown and Sessions (2000) and Bryson (1999, 2001). The sample size has varied over time, peaking in 1996 at 3620 respondents, whilst only 1355 individuals were interviewed in the following year. The numbers answering the question regarding perceptions of industrial relations at the workplace therefore varies accordingly, with sample sizes of 1516 and 540 in these two years respectively.

The *WERS* also asks a question on the climate of industrial relations at the workplace. In the most recent survey, conducted in 1998, these questions were asked to management, union representatives and non-managerial employees. However, the *WERS* and its predecessor, the *Workplace Industrial Relations Survey (WIRS)*, have been undertaken far less frequently than the annual *BSAS*, which makes it more difficult to establish any trends over time.³ Furthermore, until the latest survey, the question was only asked to management rather than to all employees and this may give a distorted picture of industrial relations. However, given that the *WERS* provides the most important and complete snapshot of industrial relations in the UK, it is useful to discuss the results from the two sources.

Cully *et al.* (1999) using *WERS* data find that management have a far more favourable view of industrial relations than either union representatives or non-managerial

³ Only four *WIRS/WERS* have taken place since 1980.

employees.⁴ To illustrate this, 90% (2%) of managers thought industrial relations to be either very good (poor) or good (poor) compared with 57% (21%) of union representatives and 51% (21%) of employees. Only in around 30% of the workplaces did the three parties agree on the climate of industrial relations in their workplace. The pattern of management responses was similar to that in previous surveys.

The specific question we use from the *BSAS* in this paper, from which information in Tables 3, 4 and 5 and Figure 3 are derived is: **In general how would you describe relations between management and other employees at your workplace: Very good, quite good, not very good or not good at all?** The responses to this question were recoded for use in the following way: not good at all was recoded as 1, not very good as 2, quite good as 3 and very good as 4.⁵ All our figures and tables report weighted data. Figure 3 indicates that reported industrial relations in the workplace were highest (or better) at the start of the period, but then fell quite markedly between 1990 and 1994 before recovering somewhat towards the end of the period. Therefore, as opposed to what the data on strikes would indicate, the survey data analysed here do not imply that this reduction has been associated with an improvement in industrial relations. This is also consistent with the findings of Gallie *et al.* (2001) who report that there was not a significant increase in employees' commitment to their organizations between 1992 and 1997.

⁴ The results are based on the views of 1927 managers, 813 union representatives and 22,604 employees.

⁵ A direct comparison with the *WERS* is therefore not possible since the categories are different as respondents in the *WERS* were asked to assess the climate of industrial relations on a 5-point scale ranging from very poor to very good.

In order to control for other factors that may have affected workplace industrial relations, such as the composition of the workforce and changes in union coverage, an econometric model is estimated. As a consequence, not only will we be able to determine whether industrial relations have improved after holding other factors constant but we can also observe which other factors influence an individual's perception of industrial relations at their workplace. Given that the responses to the industrial relations question are categorical and ordered, we estimate an ordered probit model.

Results for three sets of explanatory variables are reported in Table 3: individual characteristics, job related characteristics and time effects.⁶ By including personal and workplace characteristics in the models, we can then examine the time dummies and time trend to determine what has happened to workplace industrial relations after controlling for other co-variates. The definitions of the dummy variables e.g. social class and industry were chosen in an attempt to maintain consistency over time. We estimate three specifications of the model since the sector in which the individual works and workplace size were not asked in each survey and we replace the time dummies with a time trend in the third specification.

It can be seen from Table 3 that there are some interesting differences in terms of personal characteristics. Females report better industrial relations at their workplaces than males and married individuals also perceive industrial relations to be better in comparison to their single counterparts. Industrial relations are decreasing with age

⁶ Cully *et al.* (1999) examine the relationship between the industrial relations climate and variables such as the commitment of management and employees, which are not available in the *BSAS*.

but the coefficient on the squared term is positive. Each of the three ethnic minority groups report worse industrial relations at their workplaces compared to whites, although this difference is only significant for Blacks.

In terms of the job related characteristics, the evidence from the *BSAS* clearly implies that union presence at the workplace is associated with poorer reported industrial relations.⁷ However, there is some debate about the influence of unions on industrial relations and job satisfaction. It could be argued that unions are the cause of antagonism with management but union members are also more likely to report poorer industrial relations and job satisfaction because of the exit-voice mechanism (Freeman and Medoff, 1984). Bender and Sloane (1998) examine this issue and find that by including a measure of industrial relations in their job satisfaction regressions the reported differences between union members and non-members are genuine.⁸ They conclude that the relative dissatisfaction of union members is the result of poor industrial relations or by unions forming where satisfaction is already low. There is also some industrial and regional variation, with construction and service sector workers most likely to report good industrial relations and workplace harmony being greatest in Wales and worst in the West Midlands, Scotland and the North West.

Social class has an influence on the perceptions of workplace industrial relations but its effect is different when the public sector dummy and workplace size are included

⁷ Bryson (1999) examines this relationship in some detail.

⁸ It makes very little difference as to how union influence is measured because an almost identical coefficient is obtained if the union status of the individual is included in the ordered probit rather than the presence of unions at the workplace.

in specification 2. Compared to professional workers, those from an intermediate social class reported significantly better industrial relations at their workplace in the first specification, whereas the signs attached to the skilled, semi skilled and unskilled dummies are both significant and negative in specification 2. Workplace size has a very significant impact on reported employment relations with larger workplaces being far less harmonious.⁹

Public sector workplaces are also characterised by poorer industrial relations. In contrast, other UK studies have found that public sector workers tend to report higher levels of job satisfaction. For example, Heywood *et al.* (2002) estimate that public sector workers have significantly higher job satisfaction using the *British Household Panel Survey (BHPS)*. However, the difference between public and private sector workers is no longer significant after individual fixed effects are controlled for. They suggest that their findings are consistent with workers sorting themselves into the public sector, in the sense that those who are more easily satisfied are drawn into public sector jobs. The sorting explanation may also account for why seemingly more satisfied public sector workers report that industrial relations are poorer at their

⁹ There exists a long established literature on the effect of workplace size on industrial relations. For example, Prais (1978) argues that even if strikes are generated by a random process, the increased number of links between individuals in larger plants, and thus the number of potential points of conflict, means that strikes are observed more frequently in such workplaces. Marginson (1984) analyses whether plant and company size have differential effects on workplace industrial relations. He finds that company size has a separate and distinct effect on both strike frequency and duration.

workplaces. Furthermore, since the *BSAS* does not collect repeated information on the same individuals, we are unable to control for unobserved fixed effects.

Of most interest to our paper are the coefficients on the year dummies as these isolate the temporal changes in industrial relations after controlling for personal and job related characteristics. We find that the pattern of industrial relations shown in Figure 3 is not altered greatly by controlling for individual and workplace differences in the ordered probit, with relations between workers and management being best between 1983 and 1985 and worst during the mid to late 1990s. In specification 3, the year dummies are replaced with a time trend and its square because of the apparent non-linearities in industrial relations shown in Figure 3. As expected, the time trend is negative and highly significant, suggesting that reported industrial relations have been on a downward trend over the period. However, further evidence of the u-shaped relationship between industrial relations and time is provided by the positive and significant coefficient attached to the time trend squared, indicating that industrial relations improved towards the end of the period relative to earlier in the 1990s.

Further information on changes in the perception of workplace industrial relations over time can be found in Table 4, which reports estimates of the time trend and time trend squared for different subgroups of the sample. The table shows that similar changes in the perception of workplace industrial relations have been reported by males and females, workers at union and non-union workplaces and public and private sector workers, whilst there are some differences by industry. In particular, it can be seen that for each of the subgroups there is a negative coefficient on the time trend, which is of similar magnitude and significant at the 10% level or better, apart

from workers employed in manufacturing. Similarly, a positive and significant coefficient on the time trend squared is obtained for each of the subgroups apart from manufacturing and public sector workers.

The table also reports the point at which industrial relations are at a minimum for each of the subgroups.¹⁰ If an ordered probit model is estimated for the entire sample without any controls other than the trend and its square then reported industrial relations reach their minimum in 1994-5, which is consistent with the information presented in Figure 3. However, when personal and job characteristics are added, reported industrial relations do not reach a minimum until 1996-7. This can be explained by greater proportion of the sample possessing characteristics associated with improved industrial relations later on in the period, such as a higher proportion of females and workers from smaller, non-manufacturing and non-unionised workplaces. Similarly, for each of the subgroups in the table, reported industrial relations do not reach a minimum until quite late in the period. This is especially true for public sector and manufacturing workers.¹¹ In contrast, employees in unionised workplaces reported that their industrial relations reached a minimum in 1995-6.

¹⁰ We are grateful to an anonymous referee for suggesting we do this. The formula used to calculate the minimum point is $(|\beta_t|/2\beta_{t^2})+1982$, where $|\beta_t|$ is the absolute value of the coefficient attached to the trend and β_{t^2} is the coefficient attached to the trend-squared. 1982 is added given that it is the year before the sample period begins and the linear time trend starts at 1.

¹¹ For manufacturing workers, the coefficients attached to the trend and its square are both negative implying that perceived industrial relations are in continuous decline

The broad trends reported in Table 3 and the information presented in Table 4 indicates that industrial relations improved towards the end of the period. It is also interesting to note that this effect is most evident in those workplaces which have union representation. A likely explanation for this finding is that union leaders in Britain became more committed to ‘social partnerships’ between unions, employers and workers in the late 1990s (Kelly, 2004). Crouch (2000) also argues that British unions had become more adaptable to new challenges and were more willing to change by the end of the 1990s. On the other hand, the continued decline in the British manufacturing industry provides a likely explanation for why such an improvement was not observed in this sector.

The growth in performance related pay (PRP) schemes and greater employee involvement might also have changed employment relations over time. However we have chosen not to add these variables to the regressions because of the potential endogeneity between these variables, since workplaces where relations are less than harmonious are unlikely to introduce such schemes and because the PRP questions were only asked in four of the surveys. Therefore, Table 5 reports the cross-tabulation of the different types of PRP schemes and reported workplace industrial relations.¹²

after controlling for other characteristics. The turning point for private sector workers is also relatively late (1997-8). Thus when the sector of employment is controlled for, the turning point for the whole sample is 1997-8. This can be explained by there being three fewer years of data when controls for sector of employment are added.

¹² A similar table can be found in Blanchflower and Oswald (1988), who use *WIRS* 1984 data.

As can be seen from Table 5, of the organisations that operate a single incentive pay scheme, those with productivity bonuses and share ownership or options schemes actually have lower reported industrial relations compared with those organisations without any incentive pay schemes. Industrial relations are better in those organisations which operate an annual bonus or profit sharing scheme, although the latter difference is not significant. There is some variation in perceived industrial relations within organisations that operate more than one incentive pay schemes. For example, those with three such schemes experience a considerable improvement in their industrial relations, whereas there is no significant difference between organisations which have two or four incentive pay schemes and those organisations which do not operate them at all. Therefore the *BSAS* data suggest that there is no clear relationship either between the presence or number of incentive pay schemes and industrial relations at the workplace.¹³ Furthermore, Booth and Francesconi (2000) examine the possibility that union coverage and PRP are to some extent

¹³ Results from an ordered probit model estimated for the four years that featured the PRP questions are generally similar to those reported in Table 5. For example, employees in workplaces with annual bonuses or with three PRP schemes continued to report significantly better industrial relations. However, there are also some differences after controlling for other covariates since employees in workplaces with two PRP schemes now had significantly better industrial relations and employees in workplaces operating productivity bonus or share ownership/options schemes no longer had significantly poorer industrial relations. Full details of the results are available from the authors on request.

substitutes for one another but do not find a great deal of support for this hypothesis using *BHPS* data.

5. Conclusions

This paper has examined whether the decline in strike activity in the UK over the past two decades has been associated with an improvement in industrial relations. To achieve this, two main issues have been examined. Firstly, whether employees are articulating grievances at work through alternative means and secondly, by analysing workers' perceptions of their relations with management over time. In particular, we sought to establish whether the reduction in collective voice through declining union representation has forced UK workers to resort to individual means of communicating their discontent. The evidence we have presented suggests that a decline in collective forms of unrest has been counter-balanced by an increase in individual manifestations of workplace disruption. This individual 'action', although diverse in its causes, can prove expensive and disruptive to a firm's production. Furthermore, with little evidence of an improving climate of industrial relations from the *BSAS*, the reduction in strike activity may therefore prove an erroneous measure of harmony at the British workplace.

Our paper has also provided evidence on the declining returns to collective wage stoppages, as well as finding little evidence that unions have shifted from striking to engaging in other forms of workplace unrest. In fact, we find that different types of collective action appear to have moved as complements to each other. Individual disruption, however, appears to have emerged as a substitute means of articulating discontent in the workplace, as collective forms of expressing discontent have proved

both difficult and expensive to organise. Denied the cathartic aspect of collective disputes, individual discontent may have increased in reaction. Therefore despite the reduction in strikes, our paper has raised doubts over whether there has been an improvement in British industrial relations, a view that is consistent with evidence from the *BSAS*.

There are a number of issues that are discussed in this paper that warrant further investigation. Better information on the costs and benefits of embarking on ET and ACAS cases would enable a more direct comparison with the average costs and expected gains from strikes. This would enable researchers to examine two possibilities. First, the extent to which the decline in collective action has occurred for reasons of cost. Second, to explore whether individual disruption has occurred as a substitute form of expressing a grievance in conditions where the relative cost of collective action has restricted its use. Knight and Latreille (2000b) and Tremlett and Banerji (1994) have begun to address this issue but more research needs to be undertaken before any clear conclusions can be reached. Finally, the evidence from the *BSAS* suggests that industrial relations declined in the UK between the early 1980s and late 1990s but appear to have recovered since. To some extent, this improvement can be explained by the changing outlook and strategies adopted trade unions but further research is needed to shed more light on this issue.

References

- ACAS (2001) *Arbitration Conciliation and Advisory Service: Annual Report and Accounts 2001/02*, London.
- Barbash, J. (1979) 'Collective bargaining and the theory of conflict', *Relations Industrielles*, **34**: 646-93.
- Barmby, T., Ercolani, M. and Treble, J. (1999) 'Using the Labour Force Survey to construct an absence rate series for Britain, 1984-1997', Institute for Labour Research, University of Essex, Discussion Paper No. 99/27.
- Barrell, R. (1994) *The UK Labour Market: Comparative Aspects and Institutional Developments*, Cambridge: Cambridge University Press.
- Bender, K. and Sloane, P. (1998) 'Job satisfaction, trade unions, and exit-voice revisited', *Industrial and Labor Relations Review*, **51**: 222-40.
- Blanchflower, D. and Oswald, A. (1988) 'Profit related pay: Prose discovered', *Economic Journal*, **98**: 720-30.
- Booth, A. L. and Francesconi, M. (2000) 'Collectivism versus individualism: Performance-related pay and union coverage for non-standard workers in Britain', Institute for Labour Research, University of Essex, Discussion Paper No. 00/61.
- Brook, K. (2002) 'Trade union membership: An analysis of data from the Labour Force Survey', *Labour Market Trends*, (July): 343-354.
- Brown, W., Deakin, S., Nash, D. and Oxenbridge, S. (2000) 'The employment contract: From collective procedures to individual rights', *British Journal of Industrial Relations*, **38**: 533-55.
- Brown, S. and Sessions, J. G. (2000) 'Employee militancy in Britain: 1985-1990', *Applied Economics*, **32**: 1767-74.

- Bryson, A. (1999) 'Are unions good for industrial relations?', in R. Jowell *et al.* (eds), *British Social Attitudes: The 16th Report – Who Shares New Labour Values?*, Aldershot: Ashgate.
- Bryson, A. (2001) 'The foundation of 'partnership'? Union effects on employee trust in management', *National Institute Economic Review*, **176** (April): 91-104.
- Burgess, S. and Rees, H. (1996) 'Job tenure in Britain 1975-92', *Economic Journal*, **106**: 334-44.
- Cahill, J. and Ingram P. (1987) 'Manufacturing industry pay negotiations and industrial action in the 1980s', Mimeograph, Confederation of British Industry, London.
- Crouch, C. (2000) 'The snakes and ladders of Twenty-First-Century trade unionism', *Oxford Review of Economic Policy*, **16**(1): 70-83.
- Cully, M., O' Reilly, A., Millward, N., Forth, J., Woodland, S., Dix G. and Bryson, A. (1998) *The 1998 Workplace Employee Relations Survey: First Findings*, Department of Trade and Industry, London.
- Cully, M., Woodland, S., O' Reilly, A. and Dix G. (1999) *Britain at Work: As Depicted by the 1998 Workplace Employee Relations Survey*, London: Routledge.
- Davis, J. (1999) 'Labour disputes in 1998', *Labour Market Trends*, (June): 299-312.
- Davis, J. (2001a) 'International comparisons of labour disputes in 1999', *Labour Market Trends*, (April): 195-201.
- Davis, J. (2001b) 'Labour disputes in 2000', *Labour Market Trends*, (June): 301-14.
- Dorey, P. (1993) 'One step at a time: The Conservative Government's approach to the reform of industrial relations since 1979', *Political Quarterly*, **64**(1): 24-36.
- DTI (1998) *Fairness at Work*, Department of Trade and Industry, Cm3968, HMSO, May.

- Edwards, P. (1981) 'The strike-proneness of British manufacturing establishments', *British Journal of Industrial Relations*, **19**: 135-48.
- ETS (2001) (Employment Tribunal Service) Annual Report and Accounts 2001/02, London.]
- Freeman, R. and Medoff, J. (1984) *What do Unions do?*, Dallas: Basic Books.
- Freeman, R. and Pelletier, J. (1991) 'The impact of industrial relations legislation on British union density', *British Journal of Industrial Relations*, **28**: 141-64.
- Gallie, D., Felstead, A. and Green, F. (2001) 'Employer policies and organizational commitment in Britain 1992-97', *Journal of Management Studies*, **38**(8): 1081-1101.
- Gregg, P. and Wadsworth, J. (2002) 'Job tenure in Britain, 1975-2000. Is a job for life or just for Christmas?', *Oxford Bulletin of Economics and Statistics*, **64**(2): 111-34.
- Godard, J. (1992) 'Strikes as collective voice: A behavioral analysis of strike activity', *Industrial and Labor Relations Review*, **46**: 161-75.
- Hebdon, R. P. and Stern, R. N. (1998) 'Tradeoffs among expressions of industrial conflict: Public sector strike bans and grievance arbitrations', *Industrial and Labor Relations Review*, **52**: 204-21.
- Heywood, J. S., Siebert, W. S. and Wei, X. (2002) 'Worker sorting and job satisfaction: The case of union and government jobs', *Industrial and Labor Relations Review*, **55**: 595-609.
- Jowell, R., Witherspoon, S. and Brook, L. (1984) *The British Social Attitudes Survey 1983: 1st Report*, Aldershot: Gower.
- Kelly, J. (1998) *Rethinking Industrial Relations: Mobilisation, Collectivism and Long Waves*, London: Routledge.

- Kelly, J. (2004) 'Social partnership agreements in Britain: Labor cooperation and compliance', *Industrial Relations*, **43**(1): 267-92
- Knight, K. G. and Latreille, P. L. (2000a) 'Discipline, dismissals and complaints to employment tribunals', *British Journal of Industrial Relations*, **38**: 533-55.
- Knight, K. G. and Latreille, P. L. (2000b) 'How far do cases go? Resolution in industrial tribunal applications', *The Manchester School*, **68**: 723-44.
- Marginson, P. (1984) 'The distinctive effects of plant and company size on workplace industrial relations', *British Journal of Industrial Relations*, **22**: 1-14.
- Metcalf, D. (1989) 'Water notes dry up: The impact of the Donovan reform proposals and Thatcherism at work on labour productivity in British manufacturing industry', *British Journal of Industrial Relations*, **27**: 1-32.
- Metcalf, D. (1990) 'Labour legislation 1980-90: Philosophy and impact', Centre for Economic Performance Working Paper No. 12.
- Metcalf, D., Wadsworth J. and Ingram P. (1993) 'Do strikes pay?', in D. Metcalf and S. Milner (eds.), *New Perspectives on Industrial Disputes*, London: Routledge.
- Millward, N., Stevens, M., Smart, D. and Hawes W. (1992) *Workplace Industrial Relations in Transition: The ED/ESRC/PSI/ACAS Surveys*, Aldershot: Dartmouth.
- Prais, S. (1978) 'The strike-proneness of large plants in Britain', *Journal of the Royal Statistical Society Series A*, **141**: 368-84.
- Sapsford, D. and Turnbull, P. (1994) 'Strikes and industrial conflict in Britain's docks: Balloons or icebergs?', *Oxford Bulletin of Economics and Statistics*, **56**: 249-65.

Tremlett, N. and Banerji, N. (1994) *The 1992 Survey of Industrial Tribunal Applications*, Employment Department Research Series No. 22.

Yoder, D. (1940) 'Economic changes and industrial unrest in the United States', *Journal of Political Economy*, **48**: 222-7.

Table 1**Pay settlements with and without strikes in manufacturing: 1979-2000**

Year	Mean real pay change (%)		
	Settlements with a strike	Settlements without a strike	Difference (1-2)
	1	2	3
1979-80	-0.104	-2.839	2.734 (0.000)
1980-81	-4.189	-4.114	-0.075 (0.896)
1981-82	-3.835	-3.550	-0.286 (0.580)
1982-83	1.007	0.873	0.134 (0.777)
1983-84	1.526	0.931	0.595 (0.045)
1984-85	1.735	0.598	1.137 (0.029)
1985-86	1.722	1.907	-0.186 (0.670)
1986-87	1.599	1.313	0.286 (0.289)
1987-88	2.598	1.978	0.619 (0.041)
1988-89	0.882	-0.141	1.023 (0.048)
1989-90	0.503	0.085	0.418 (0.537)
1990-91	—	-0.626	—
1991-92	—	0.157	—
1992-93	—	0.813	—
1993-94	—	0.405	—
1994-95	1.381	0.063	1.318 (0.006)
1995-96	—	0.799	—
1996-97	—	0.505	—
1997-98	—	-0.051	—
1998-99	-0.147	0.726	-0.873 (0.135)
1999-2000	0.167	0.339	-0.172 (0.779)
1979-84	-0.819	-1.710	0.891 (0.002)
1984-89	1.860	1.140	0.720 (0.000)
1989-94	0.472	0.177	0.295 (0.561)
1994-2000	0.681	0.396	0.286 (0.292)
1979-2000	0.386	-0.045	0.432 (0.004)

Notes:

1. No information is presented for years when there were less than 5 observations which had a settlement with a strike, as denoted by —.
2. p-values in parentheses.

Sources:

CBI Pay Settlements Survey.

Table 2

Correlation coefficients between types of collective industrial action in manufacturing: 1979-2000

By pay year				
	Strikes	Overtime bans	Other types of action	Go slows
Strikes	1.000			
Overtime bans	0.926*	1.000		
Other types of action	0.856*	0.769*	1.000	
Go slows	0.936*	0.964*	0.849*	1.000

By month				
	Strikes	Overtime bans	Other types of action	Go slows
Strikes	1.000			
Overtime bans	0.678*	1.000		
Other types of action	0.270*	0.380*	1.000	
Go slows	0.614*	0.736*	0.361*	1.000

Notes:

1. Number of observations = 29,309.
2. * denotes significance at the 1% level.
3. Results relate to correlation coefficients between types of industrial action pursued in support of a pay claim.

Source:

CBI Pay Settlements Survey.

Table 3
Ordered probit estimates of workplace industrial relations

	Mean	Specification 1		Specification 2		Specification 3	
		Coef.	t-stat.	Coef.	t-stat.	Coef.	t-stat.
<i>Individual characteristics</i>							
Female	0.487	0.190	10.900	0.168	8.377	0.190	10.910
Age	38.829	-0.024	5.131	-0.023	4.334	-0.024	5.180
Age squared/100	16.539	0.037	6.660	0.036	5.480	0.038	6.690
Married	0.644	0.040	2.038	0.045	1.951	0.042	2.103
South Asian	0.018	-0.060	0.960	-0.045	0.630	-0.066	1.052
Black	0.018	-0.208	3.360	-0.198	2.692	-0.213	3.441
Other ethnic group	0.009	-0.070	0.799	0.030	0.311	-0.065	0.748
<i>Job related characteristics</i>							
Union at workplace	0.564	-0.413	24.162	-0.205	8.568	-0.412	24.099
Primary industry	0.030	-0.151	3.107	-0.133	2.450	-0.148	3.034
Manufacturing industry	0.231	-0.194	9.431	-0.141	5.455	-0.192	9.339
Construction industry	0.045	0.142	3.451	0.103	2.259	0.149	3.612
Scotland	0.085	-0.115	2.483	-0.116	2.207	-0.120	2.595
Northern	0.057	-0.016	0.326	-0.011	0.196	-0.015	0.297
North West	0.102	-0.099	2.203	-0.112	2.213	-0.102	2.276
Yorkshire & Humberside	0.093	-0.048	1.047	-0.053	1.033	-0.051	1.107
West Midlands	0.097	-0.122	2.680	-0.132	2.574	-0.125	2.747
East Midlands	0.073	-0.072	1.515	-0.073	1.340	-0.078	1.642
East Anglia	0.041	-0.058	1.051	-0.061	0.991	-0.057	1.043
South West	0.083	-0.023	0.486	-0.065	1.217	-0.025	0.542
South East	0.205	-0.089	2.152	-0.071	1.507	-0.092	2.230
London	0.114	-0.124	2.760	-0.094	1.818	-0.129	2.856
Intermediate social class	0.280	0.113	2.871	0.014	0.303	0.107	2.734
Skilled	0.470	-0.022	0.574	-0.178	4.029	-0.027	0.698
Semi-skilled	0.154	-0.039	0.931	-0.205	4.230	-0.043	1.031
Unskilled	0.045	-0.024	0.444	-0.173	2.798	-0.030	0.553
Public Sector	0.326	–	–	-0.131	5.120	–	–
Workplace size: 10-24	0.159	–	–	-0.214	6.076	–	–
Workplace size: 25-99	0.262	–	–	-0.418	12.965	–	–
Workplace size: 100-499	0.247	–	–	-0.598	17.713	–	–
Workplace size: 500 or more	0.181	–	–	-0.645	17.527	–	–

Table 3 (Continued)

<i>Time effects</i>							
1984	0.040	-0.051	0.884	*	*	–	–
1985	0.044	-0.020	0.345	0.044	0.752	–	–
1986	0.079	-0.126	2.525	-0.096	1.869	–	–
1987	0.070	-0.097	1.887	-0.038	0.713	–	–
1989	0.074	-0.163	3.232	-0.094	1.809	–	–
1990	0.056	-0.066	1.223	-0.013	0.244	–	–
1991	0.018	-0.187	2.547	-0.182	2.426	–	–
1993	0.064	-0.241	4.633	-0.180	3.364	–	–
1994	0.080	-0.364	7.293	–	–	–	–
1995	0.077	-0.332	6.613	–	–	–	–
1996	0.086	-0.314	6.352	-0.247	4.844	–	–
1997	0.030	-0.207	3.301	-0.157	2.449	–	–
1998	0.079	-0.346	6.914	-0.260	5.045	–	–
1999	0.078	-0.183	3.636	-0.118	2.271	–	–
2000	0.085	-0.248	5.002	-0.182	3.546	–	–
Trend	–	–	–	–	–	-0.051	7.200
Trend squared	–	–	–	–	–	0.002	5.063
Log likelihood	–	-20569		-15448		-20596	
N	18375	18375		14126		18375	

Notes:

1. Table reports weighted estimates. Mean relates to the sample average for each explanatory variable used in the ordered probit.
2. No questions were asked on type of organisation in 1983, 1994 or 1995 and on workplace size in 1983.
3. The default individual is a single (0.356), white (0.956), male (0.513), professional (0.051), non-unionised (0.436), private sector worker (0.674) in a service sector organization (0.694) with fewer than 10 employees (0.151), living in Wales (0.049) in 1983 (0.041). Given the absence of information on type of organization in 1983, the default year is 1984 for specification 2 - signified by * in the appropriate cell. Means for each of the default categories are shown in parentheses.
4. Means for sector and workplace size are based on the sample used in specification 2, whereas all other means relate to specification 1.

Table 4**Ordered probit estimates of workplace industrial relations, by subgroup**

	Sector		Workplace status		Industry		Gender	
	Public	Private	Unionised	Non-unionised	Manufacturing	Non-manufacturing	Male	Female
Trend	-3.04E-02 (1.854)	-4.06E-02 (3.383)	-4.74E-02 (5.154)	-6.02E-02 (5.293)	-1.31E-02 (0.908)	-6.43E-02 (7.842)	-4.69E-02 (4.816)	-5.56E-02 (5.333)
Trend squared	9.17E-04 (1.174)	1.31E-03 (2.311)	1.75E-03 (3.801)	1.99E-03 (3.633)	-6.56E-05 (0.090)	2.40E-03 (5.977)	1.62E-03 (3.341)	1.96E-03 (3.840)
Turning point	1998-9	1997-8	1995-6	1997-8	–	1995-6	1996-7	1996-7
N	4603	9523	10370	8005	4244	14131	9424	8951

Notes:

1. t-statistics in parentheses.
2. Estimates are obtained using specification 3, apart from the estimates for sector, which are obtained using Specification 2, with the time dummies replace by a time trend and its square.

Table 5**Workplace industrial relations by type of incentive pay at organisation**

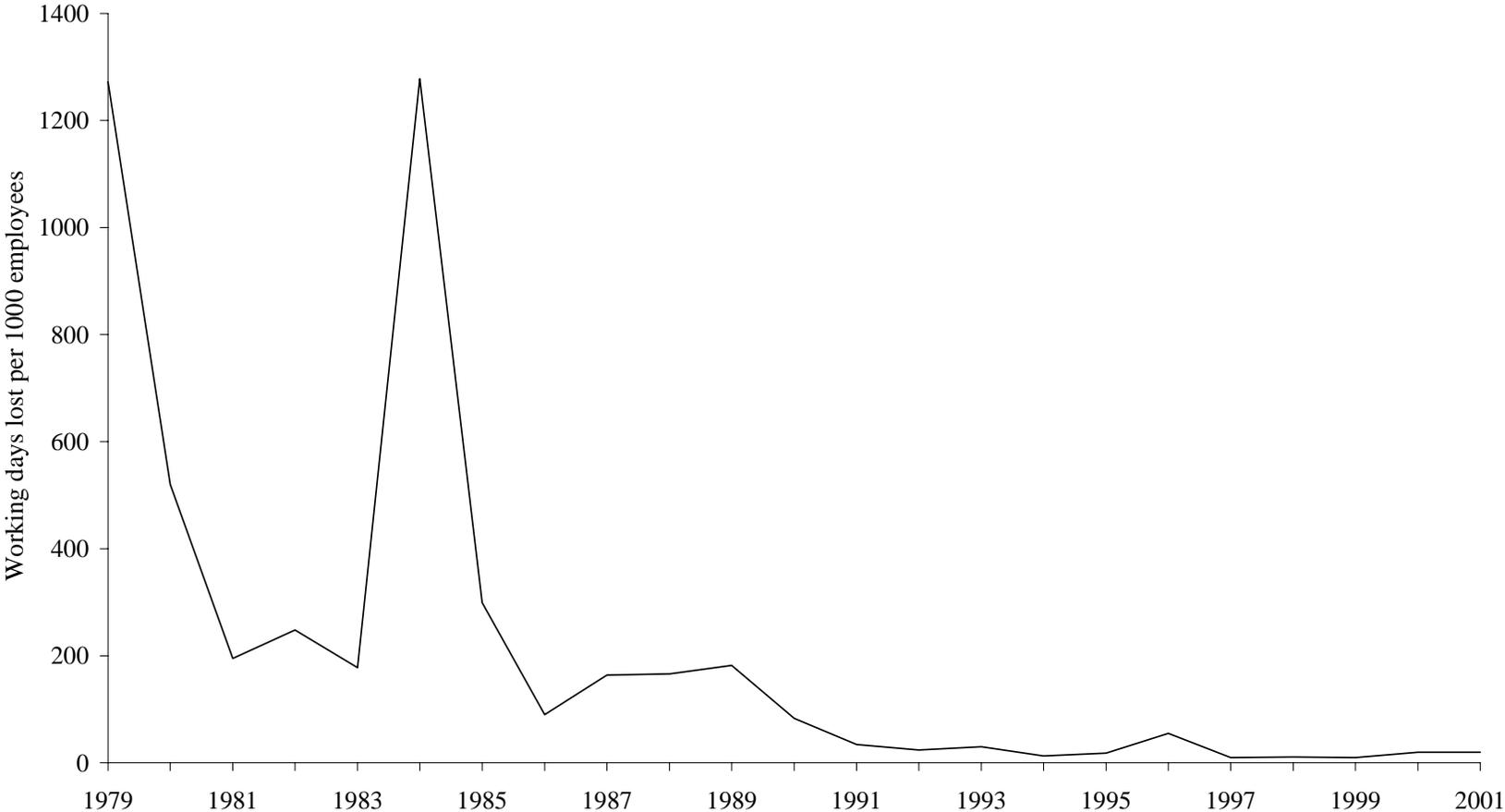
Type of scheme at workplace	Workplace industrial relations					p-value	N
	Not good at all	Not very good	Quite good	Very good	Mean diff.		
None	5.23	13.97	47.88	32.91	–	–	2842
Productivity linked bonus	6.02	17.44	51.61	24.94	-0.131	0.001	559
Annual bonus	5.40	9.90	40.29	44.40	0.150	0.000	436
Share ownership or share option	7.39	17.39	51.78	23.44	-0.175	0.001	243
Profit sharing	6.42	12.99	45.25	35.35	0.018	0.775	204
Other	5.46	15.08	42.42	37.04	0.059	0.679	39
Two schemes	3.13	12.50	54.13	30.25	0.019	0.655	411
Three schemes	2.68	5.86	47.16	44.30	0.219	0.004	135
Four schemes	0.00	7.96	78.39	13.65	-0.037	0.787	33
Total	5.21	13.76	48.38	32.65	–	–	4902

Notes:

1. Table uses pooled weighted data from 1985, 1987, 1993 and 1996 – the years when questions on incentive pay were asked in the *BSAS*.
2. Mean diff. is the difference in the average response to the industrial relations question given by workers in workplaces which operate each type of incentive pay scheme relative to the average response given by employees with no incentive pay scheme. The p-value indicates whether this mean difference is significant.

Figure 1

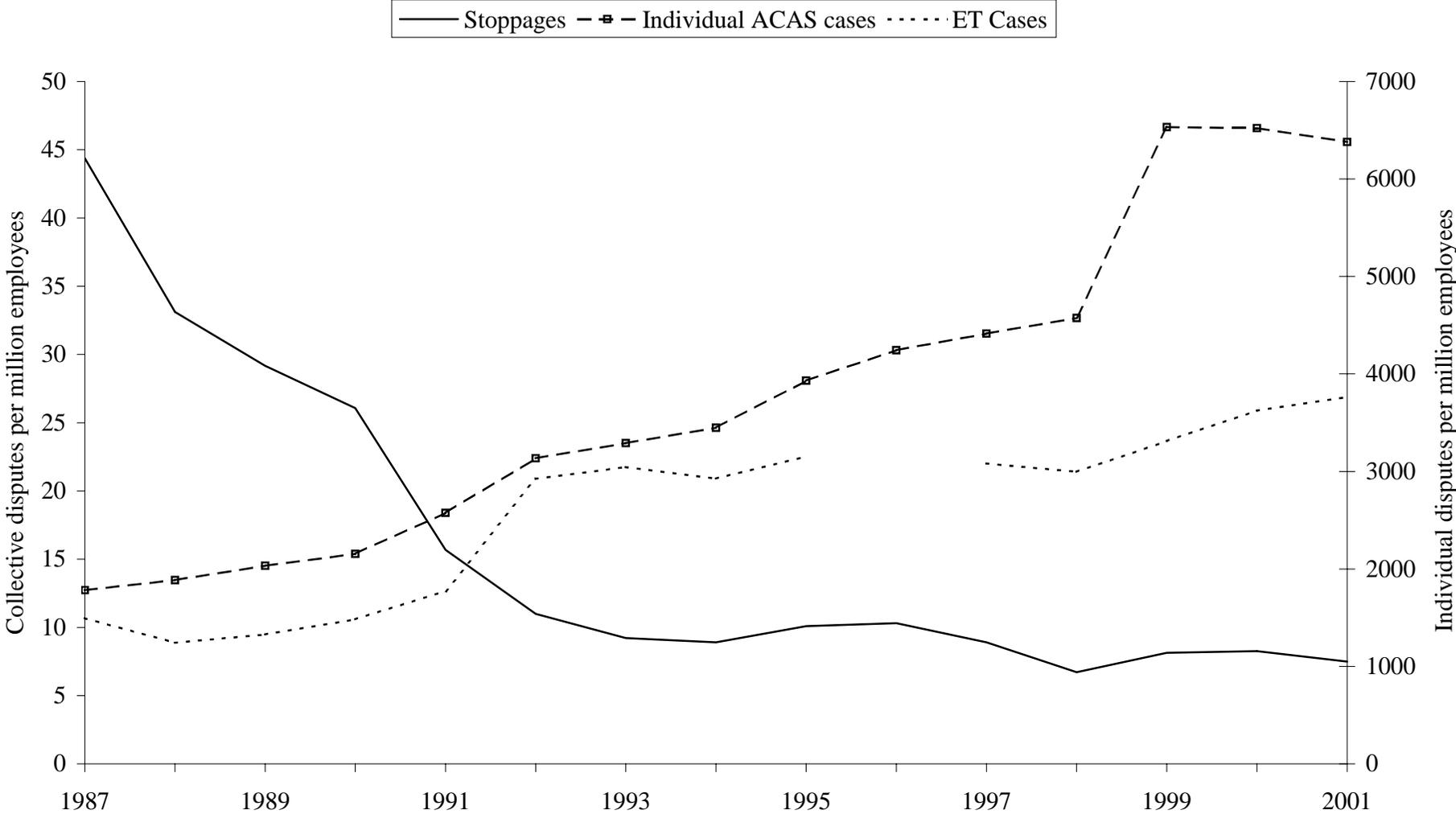
**Working days lost through strikes per 1000 employees
in the UK: 1979-2001**



Source: ONS

Figure 2

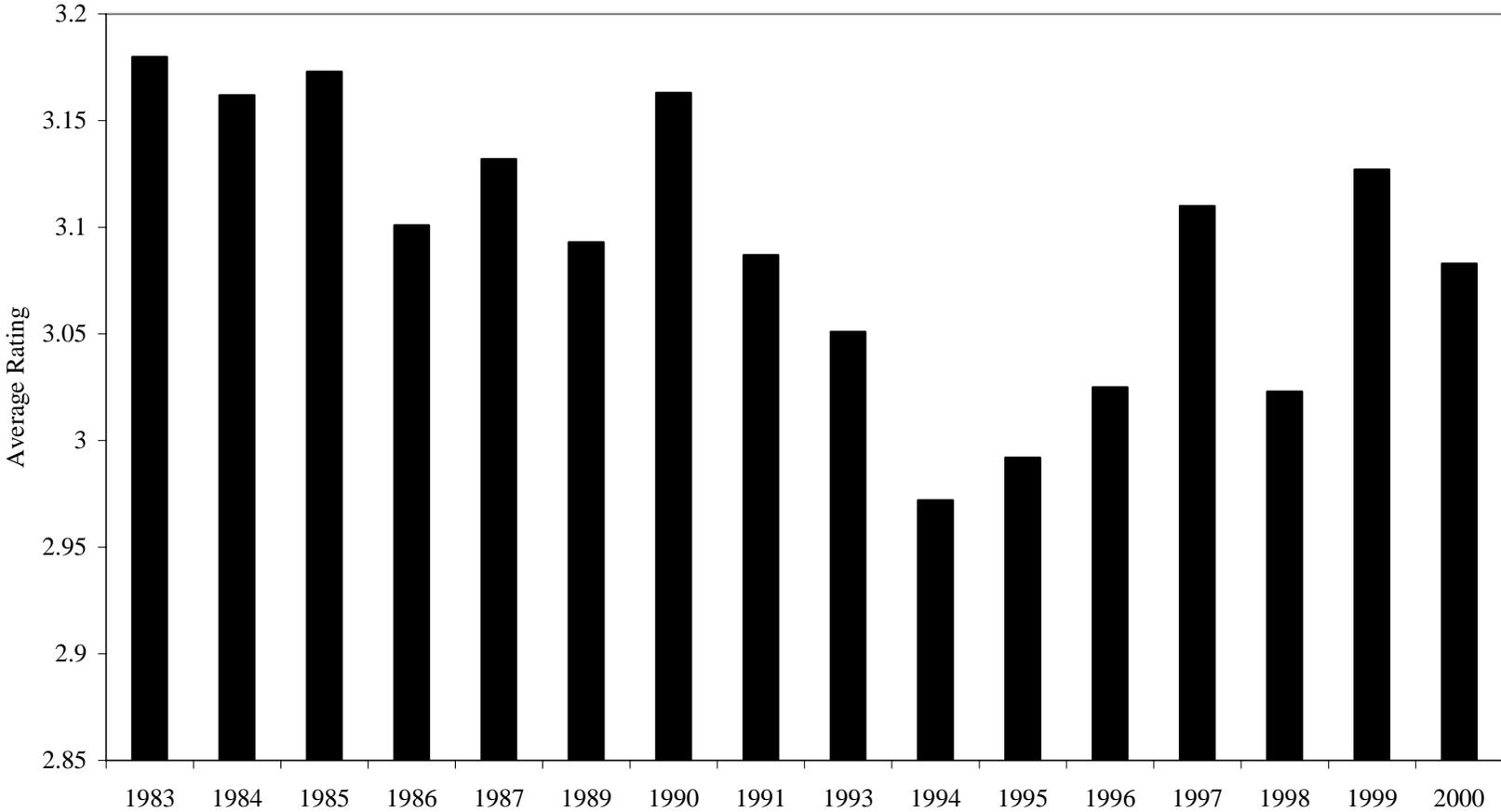
Collective and individual disputes in the UK: 1987-2001



Sources: ONS, ACAS and the ET Service

Figure 3

Industrial relations at workplace: 1983-2000



Source: *BSAS*

APPENDIX

Table A1

Collective and individual conflict and trade union statistics for the UK: 1983-2001

Year	Strikes	Individual conciliation cases received at ACAS	Employment tribunal cases	Employee jobs (millions)	Trade union membership (millions)	Number of trade unions
1983	1,364	42,943	39,939	22.3	11.7	456
1984	1,221	42,723	39,824	22.5	11.3	432
1985	903	42,887	37,910	22.6	11.1	400
1986	1,074	51,421	39,404	22.6	10.8	391
1987	1,016	40,817	34,233	22.9	10.6	374
1988	781	44,443	29,317	23.6	10.5	344
1989	701	48,817	31,913	24.0	10.4	326
1990	630	52,071	35,826	24.2	10.0	319
1991	369	60,605	41,768	23.5	9.8	306
1992	253	72,166	67,325	23.0	9.5	291
1993	211	75,181	69,612	22.9	8.9	305
1994	205	79,332	67,325	23.0	8.7	297
1995	235	91,568	73,472	23.3	8.2	273
1996	244	100,399	*	23.7	8.0	260
1997	216	106,912	74,614	24.2	7.9	255
1998	166	113,000	74,006	24.7	7.8	252
1999	205	164,525	83,409	25.2	7.9	238
2000	212	167,186	92,938	25.6	7.9	237
2001	194	165,093	97,386	25.9	7.8	226

Notes:

* denotes reliable figures unavailable due to switch in data collection system.

Sources:

Strikes and Employee jobs: ONS.

ACAS cases: ACAS Annual Report, *Working Together*, (conciliation cases received) Table 12, July 2002.

Employment tribunal statistics: Annual Report and Accounts of the Employment Tribunal Service 2001-2002, 'OUTCOMES', Table 2, p. 22, July 2002.

Trade union statistics: Certification Officer Annual Reports.