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Measures of employer-employee dialogue

Supporting paper submitted by the Department of Trade and Industry of the United Kingdom¹

INTRODUCTION

1. Employee perceptions of the quality of their working life are fundamentally affected by the quality of relationship with their employer. Like all such relationships, the form, substance and outcome of communication and dialogue between the parties is critical. There is a positive correlation between the quality of management-employee dialogue and overall job satisfaction².
2. Policy discussions and statistical analysis have often concentrated on the formal and collective - even conflictual - aspects of these relationships, e.g. membership of trades unions, spread of collective bargaining, incidence of industrial disputes.
3. While important, clearly these are not the sum total of dialogue and discussion between management and employees. What happens at the workplace on a day-to-day level is just as important.
4. The diversity of arrangements - both between countries and within workplaces - means that comparable measures are always going to be difficult. Nevertheless, the paper illustrates how survey evidence - drawn from the Workplace Employee Relations Survey (WERS) series - can be used to produce a broader understanding of the extent and quality of communication and dialogue within enterprises. Further information on WERS can be found in an Appendix to this paper.

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² The 1998 WERS found that 79% of employees who agreed with a statement that their managers were good at involving employees in decisions also exhibited high levels of job satisfaction, compared to just 26% of employees who disagreed with this statement (Cully et al., 1999, pg. 184).

CONCEPTS

5. Dialogue between management and employees can occur collectively between employers and employees, whether organised through trade union representatives or other forms of employee representative.

6. One such mechanism is formal collective bargaining over terms and conditions of employment, or indeed over other issues. Collective bargaining can take place at a variety of bargaining levels: national, regional, industry, enterprise or sub-enterprise (business unit) level.

7. Another mechanism is through the use of machinery for information and consultation. In some countries this is formalised through a requirement for Works Councils. Large European countries with a significant trans-national presence may be required to have European Works Councils. In other countries, such machinery may be a matter of voluntary agreement or management discretion, or focused only on specific issues such as health and safety.

8. Dialogue also takes place between management and individual employees. In part this may be formalised and systematised, e.g. through practices of team meetings, briefing groups, newsletters or e-mail. Channels of communication may be essentially downwards (i.e. passing messages from management to employees) or two-way (also passing feedback from employees back to management). But individual dialogue is also likely to involve a significant informal component that is difficult to measure.

9. The balance between the different forms of collective dialogue and individual dialogue - and the mechanisms used - will vary between countries depending upon their national traditions and institutions. In some countries, social dialogue and collective bargaining at the national level is institutionalised. In others, there is not such a framework. This reinforces the case for taking a broad view of employer-employee dialogue.

MEASUREMENT: THE ROLE OF DIFFERENT PERSPECTIVES

10. Careful judgments are required about who to collect data from, in particular whether the employer or the employee is the more appropriate unit of observation.

11. Different estimates can be obtained for apparently similar phenomena, depending on how the data is collected. For example, experience in the UK suggests that employers are usually more reliable informants on collective bargaining arrangements at the workplace than employees. On the other hand, a significant proportion of workplace managers do not have a very accurate measure of union membership at their workplace and here data collected from employees is likely to be more reliable. On some of the less concrete and institutionalised phenomena, such as the frequency and scope of communication between management and employees, the evidence suggests that there can be genuine differences in perception on the part of managers and employees³.

COLLECTIVE AND FORMAL DIALOGUE

12. The relevant UK data on collective representation through trades unions and collective bargaining are summarised in Table 1.

³ See Cully et al., 1999; Beatson, 2001.

Table 1: Measures of union membership, recognition and collective bargaining

Topic	Results	Source and comments on data source
Union density	1990: 34% of all in employment 2000: 27% of all in employment	UK Labour Force Survey, autumn quarter. Data measures % of those in employment who said they were members of trade unions or staff associations.
	1984: 58% 1990: 47% 1998: 36%	Workplace Employee Relations Survey series. GB only. Based on responses from managers in workplaces with 25+ employees. Data measures % of employees who are union members.
Union recognition for collective bargaining over pay and conditions	1980: 64% 1984: 66% 1990: 53% 1998: 42%	Workplace Employee Relations Survey series. GB only. Based on responses from managers in workplaces with 25+ employees. Data measures % of <u>workplaces</u> where unions recognised.
Coverage of collective bargaining over pay	2000: 36% of employees	UK Labour Force Survey, autumn quarter. Data measures % of employees who say their pay was affected by a collective agreement.
	1984: 70% 1990: 54% 1998: 40%	Workplace Employee Relations Survey series. GB only. Based on responses from managers in workplaces with 25+ employees. Data measures % of employees whose pay was determined by a collective agreement.

Sources: Sneade, 2001; Millward *et al.*, 2001.

13. The differences in estimates of levels between the Labour Force Survey and the WERS series are largely because the WERS data reported here excludes workplaces with less than 25 employees, which are less likely to be unionised. The trend in both series is consistent: a long-term decline during the 1980s and 1990s in the incidence of union representation and collective bargaining. Recent Labour Force Surveys suggest a stable position since 1998 which may in part reflect a change in policy environment, including the promotion of more partnership between managers and workforce - assisted by a Partnership fund to support demonstration projects - and new laws on union recognition.

14. The other principal vehicles for formalised collective dialogue are consultation committees. These could be European Works Councils or - in many EU Member States - Works Councils. In the UK, consultation committees have been largely voluntary⁴.

4 Note that there have been for some time legal requirements on employers in the UK to consult on specific issues such as collective redundancies or health and safety, although the way in which these requirements has to be met is not specified by law.

Table 2: Measures of consultation between employers and employees

Topic	Results	Definition
Workplace joint consultative committees	1980: 34% 1984: 34% 1990: 29% 1998: 29%	Data measures % of workplaces where managers said there was a formal consultation committee of managers and employees.
Higher level consultation committee	1984: 50% 1990: 48% 1998: 56%	Data measures % of workplaces <u>that were part of larger organisations</u> where there was a consultation committee operating at a higher level.
Consultation over health and safety	1980: 66% 1984: 72% 1990: 56% 1998: 68%	Data measures % of workplaces where there was either a committee that dealt with health and safety or designated workforce representatives.

Source: Workplace Employee Relations Survey series (Millward *et al.*, 2001). GB only.

Based on data collected from managers in workplaces with 25+ employees.

15. Table 2 shows that consultation committees are common in Britain. These sometimes took place at the workplace level. In larger multiple-site organisations, consultation could take place at a higher level within the organisation. These forms of consultation were found in workplaces with and without trade union representation.

DIRECT AND INFORMAL DIALOGUE

16. The WERS survey series permits measurement of some of the less formal and direct forms of communication and dialogue between management and employees. Managers in the survey have been asked whether specific communications practises are found within their workplaces. The results are set out in Table 3.

Table 3: Measures of direct and informal dialogue and communication between employers and employees

Topic	Results	Definition
Regular meetings between management and workforce	1984: 34% 1990: 41% 1998: 48%	Data measures % of workplaces with this practice.
Problem-solving groups	1990: 35% 1998: 49%	Data measures % of workplaces with this practice.
Briefing groups	1984: 36% 1990: 48% 1998: 65%	Data measures % of workplaces with this practice.
Suggestion scheme	1998: 33%	Data measures % of workplaces with this practice.
Cascade	1998: 60%	Data measures % of workplaces that make systematic use of the management chain to communicate with employees.
Newsletters	1998: 50%	Data measures % of workplaces where there are regular newsletters to all employees.
Staff survey	1998: 45%	Data measures % of workplaces that had conducted a formal staff survey in the previous five years.

Source: Workplace Employee Relations Survey series (Cully *et al.*, 1999; Millward *et al.*, 2001). Based on data collected from managers in workplaces with 25+ employees.

17. The data suggest that most workplaces make use of a broad range of communication tools. Again, these need not be alternatives to more formal structures or, indeed, to collective bargaining and trades unions.

CONCLUSIONS

18. This paper has provided a brief overview of the range of data available on employer-employee dialogue available in Britain. In particular, the WERS series provides a much broader range of information than is typically available from administrative statistics or routine enquiries of employers or employees.

19. Of course, surveys can only measure defined phenomena whose meaning is reasonably well understood. Hence in part the traditional emphasis on institutions and collective bargaining. Management practices are more difficult to operationalise and measurement to a certain extent relies on self-definition. The completely informal processes of day-to-day discussion and dialogue within the workplace are much more difficult to measure in any consistent way. A more profitable route here might be to focus on summary measures of quality or outcome. The 1998 WERS experimented with these for the first time. Employees surveyed were asked attitudinal questions such as how good management were at involving employees. The answers in 1998 revealed considerable unmet demand for greater employee involvement.

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APPENDIX: THE WORKPLACE EMPLOYEE RELATIONS SURVEY (WERS) SERIES

The 1998 WERS was the fourth in a series of workplace surveys conducted in Britain, previous surveys being carried out in 1980, 1984 and 1990. The sponsors of the 1998 survey were the Department of Trade and Industry, the Advisory, Conciliation and Arbitration Service, the Economic and Social Research Council, and the Policy Studies Institute.

The purpose of the survey is to collect a comprehensive range of factual and attitudinal data on employment relations in British workplaces. The survey does not cover Northern Ireland. Among the topics included in the 1998 survey were: personnel and human resource management; equal opportunities; flexible working; training; collective bargaining structures and pay determination; trade union representation and activities; together with a wide range of contextual information on workplace characteristics and outcomes.

A comprehensive account of results from the 1998 survey is provided in Cully *et al.*, 1999. An overview of first findings can be found at www.dti.gov.uk/er/emar. The technical report for the 1998 survey together with questionnaires and other documentation can be obtained from www.niesr.ac.uk/niesr/wers98/index.htm

The unit of observation in WERS is the workplace or establishment. The 1998 survey was drawn as a stratified random sample of all workplaces with 10 or more employees. In previous surveys, only workplaces with 25 or more employees had been covered. In each workplace, the following research instruments were administered:

- A face to face interview with the senior manager in the workplace responsible for employee relations;
- Where one or more employee representatives were present at the workplace, a second face to face interview was conducted with the senior employee representative. This interview only took place where management had identified a relevant employee representative and had given permission for them to be interviewed.
- Where management gave permission, a sample of employees at the workplace were given a self-completion questionnaire, which was returned direct to the fieldwork contractor. In workplaces with 10-25 employees, all employees were included in the sample. In workplaces with over 25 employees, a randomly chosen sample of exactly 25 employees was selected. This procedure means that the results of the employee questionnaire can be regarded as representative of all employees in Britain who work in workplaces with 10 or more employees.

The 1998 survey also included a panel element, re-interviewing managers in workplaces that responded to the 1990 survey.

Fieldwork for the 1998 survey began in autumn 1997 and ran through until June 1998. In total, 2,191 managers were interviewed in the main cross-section element of the survey, a response rate of 80 per cent. In total, 947 workplaces also provided a response from a worker representative; this was an 82 per cent response rate, given that many workplaces had no worker representative present. And over 28,000 employee questionnaires were returned, 64 per cent of all questionnaires issued.