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Employee relations: an introduction

Understand what employee relations means as a concept and what it means to employers

Introduction

Employee relations has replaced industrial relations as the term for the relationship between employers and employees. Today, employee relations is seen as focusing on both individual and collective relationships in the workplace, with an increasing emphasis on helping line managers establish trust-based relationships with employees. A positive climate of employee relations - with high levels of employee involvement, commitment and engagement - can improve business outcomes as well as contribute to employees' wellbeing.

This factsheet explores what employee relations means to employers and looks at the current state of the employment relationship. It briefly looks at key employee relations competencies, specifically in the areas of communication and conflict management. Finally, the factsheet considers the continuing value of positive employee relations for trade unions, employers, HR practitioners and line managers.

What is employee relations?

Employee relations is the term used to describe the relationship between employers and employees. Today's interpretation of employee relations refers to individual as well as collective workplace relationships. It reflects the increasing individualisation of the employment relationship following the rise of individual workplace rights and the decline in trade union reach and influence. In line with this focus, there's an increasing emphasis on helping line managers to establish trust-based relationships with employees.

Employee relations is an area of specialist knowledge in our new Profession Map. It emphasises the importance of making sure the relationship between an organisation and

its people is managed through transparent practices and relevant law.

As employers' attention has shifted increasingly from collective to individual relationships, employee engagement has become a key part of the employment relationship. A positive employee relations climate and high levels of employee engagement have the potential to bring better business outcomes as well as better health and wellbeing for employees.

Trade union influence is still an everyday reality for some organisations, particularly in the public sector, but continues to decline across the wider economy. In our [Trade unions podcast](#), we chatted to trade union and employee relations experts about the current trade union landscape and HR's role in maintaining good relationships with unions, employees and the organisation.

The decline of 'industrial relations in the UK

The decline of 'industrial relations' can be seen in various ways, but notably in the level of trade union membership and industrial action. From a peak of 12 million-plus, union membership has fallen to around 7 million. Between 1980 and 2000, the coverage of collective agreements contracted from over three-quarters to under a third of the employed workforce. The [Workplace Employment Relations Study \(WERS\) 2011](#) showed that union officials spent most of their time supporting individual members with discipline and grievance issues, not on negotiating pay and conditions.

The shift in the coverage and content of collective bargaining has been reflected in a dramatic reduction in industrial action since the 1980s. In 2018, there were 273,000 [working days lost due to labour disputes](#), the sixth lowest annual total since records began in 1891.

The state of the employment relationship

A key issue for employers is whether they are equipping their managers with the skills to manage relationships effectively on a collective and individual basis. It's only through such an approach that managers will have the confidence and competence to build a positive employee relations climate that can contribute to enhanced business performance. However, our research report [Real-life leaders: closing the knowing-doing gap](#) shows that the two skills that line managers find most difficult to apply in their role are 'managing conflict' and 'managing difficult conversations'. There is clearly a need for more organisations to provide better training for line managers in this area to improve the state of employment relations in organisations.

Our recent research on [managing conflict in the modern workplace](#) found that employers are positive about the employee relations climate in their workplace, with more than

three-quarters describing it as 'good' or 'very good'. Employees are also positive, with the overwhelming majority reporting good working relationships with colleagues. Individuals are also generally positive about their relationship with their line manager or supervisor with four in ten employees with a manager describing it as good and just 7% as poor.

The UK legal position

There's a wide range of legal provisions in the UK which apply in managing employee relations and dealing with problems which may arise. These can broadly be subdivided into those concerning the relationship between employers and individual employees, and those which concern collective relationships.

Our [Brexit hub](#) has more on what the implications of leaving the EU might be for UK employment law.

Individuals

Contract law and the terms of the contract of employment are at the heart of individual employee relations. In addition, employers' handbooks or staff manuals, which as a minimum comply with the [Acas Code of Practice on grievance and disciplinary procedures](#), are important. Handbooks vary but will govern many aspects of employment rights including for example holiday, sickness, parental and other forms of leave, whistleblowing, communications and equal opportunities.

In addition, certain mandatory statutory employment rights apply to supplement the law of contract. These rights affect matters such as dismissal, conciliation, mediation, and other forms of dispute and discipline handling. Key examples of employment legislation affecting employee relations are the Employment Rights Act 1996 (dealing with the circumstances in which employees can be fairly dismissed) and the Equality Act 2010 (dealing with discrimination and equal pay). In addition, the law of tort governs matters such as an employer's liability for the acts of its employees and some liability for accidents.

Collective relationships

The collective dimension includes collective bargaining, information and consultation, arbitration and industrial action. Employers may work with recognised unions to negotiate pay and conditions, or to inform and consult over changes such as redundancies or health and safety. Examples are:

- The Trade Union and Labour Relations (Consolidation) Act 1992 concerning collective bargaining and redundancy consultation

- The Trade Union Act 2016 which contains provisions about ballots, industrial action, and the functions of the Certification Officer responsible for statutory matters relating to trade unions and employers' associations such as registration and recognition.

CIPD members can find out more in our [Trade union recognition and industrial action law Q&As](#).

Employee relations in the time of coronavirus

The COVID-19 pandemic has increased the potential for conflict in organisations considerably, and presents a significant employee relations challenge. Many organisations are likely to be under extreme pressure given the stringent new health and safety requirements, and many will also be facing operational demands. The virus itself is having an unequal impact on different employee groups and individuals, for example according to age, gender, ethnicity and health. Some employees will have caring responsibilities. Some will have been on furlough while others may have had increased work demands. Facilitating a return to a safe physical workplace will also bring considerable pressure to bear on managers and employees. Some organisations will need to reorganise and even make redundancies.

All these factors mean that employers need to consult and communicate with the workforce regularly and take people's views on board, including working with recognised trade unions and employee representatives. Employers need to recognise the potential for conflict among employees in the current climate, and ensure managers are equipped to have sensitive and supportive conversations with people. They should promote fairness and consistency whilst also being flexible in the support they provide to meet people's individual circumstances.

There's more advice on how employers should be dealing with the crisis in our [Responding to the coronavirus hub](#).

Managing employee relations and workplace conflict

Despite the decline in strikes and other forms of industrial action, workplace conflict remains a fact of organisational life and needs to be managed positively and proactively. Individual and 'unorganised conflict', in the form of [sickness absence](#), [bullying or harassment](#), and [employee turnover](#), can be just as harmful and costly to an organisation as organised industrial action on a collective level.

According to our research on [managing conflict in the modern workplace](#), conflict at work is a 'common occurrence' according to a quarter of employees, with one in five employers saying the same. Our survey of employees shows that just over a third have experienced some form of interpersonal conflict at work over the last year, either an isolated dispute or incident of conflict or an ongoing difficult relationship.

Employee relations therefore remains an important concept for organisations. For example:

- Employee relations is built on an underlying philosophy and skill set that are needed now more than ever by people professionals. Managers need the skills to be the effective people managers that are essential to a successful employment relationship.
- Trade unions remain a strong presence in the public sector. This is partly through the existence of institutions of collective consultation, reinforced by continued reliance in many cases on industry-level bargaining and the public policy emphasis on 'partnership'.
- Employers need to train and support line managers in areas such as teamworking and change management as the basis for establishing and maintaining motivation and commitment. Managing the employment relationship rests heavily on the shoulders of line managers, but their competence in this area is often seriously neglected, with many employers failing to see employee relations and conflict management as a strategic issue.
- The increased popularity of 'alternative dispute resolution' (ADR) techniques such as early neutral evaluation and [mediation](#) to resolve workplace differences show an important shift from the traditional industrial relations framework. The traditional approach tended to emphasise formal discipline and grievance procedures, but ADR represents more of a 'win-win' approach, aiming to halt conflict at an early stage.

Employee relations skills set

Centralising the HR function, as it has taken on a more 'strategic' focus over the past two decades, means there's a risk of managers being isolated as they assume more day-to-day responsibility for managing employee relations. At the same time, less value is often attached to the role of employee relations as an HR discipline, with employee relations and conflict management typically viewed as operational and transactional in nature.

This view needs to change. Against a backdrop of tumultuous political and economic change and highly pressurised work environments, there has never been a greater need for the expertise offered by employee relations specialists. Not only does the status of the

employee relations specialism need reasserting, but it's reach needs broadening so that managing the employment relationship, and conflict, is seen as an integral part of every people professional's role.

The more traditional, formal employee relations and negotiating skills need to be complemented with a much wider set of competencies, such as consultation, surveying and interpreting employee attitudes, spotting potential signs of conflict and early resolution of differences between employees and management.

Useful contacts and further reading

Contacts

Acas

GOV.UK - If your business faces industrial action

Books and reports

ACAS. (2014) *Reframing resolution – managing conflict and resolving individual employment disputes in the contemporary workplace*. London: Acas.

AYLOTT, E. (2018) *Employee relations: a practical introduction*. 2nd ed. HR Fundamentals. London: CIPD and Kogan Page.

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GENNARD, J., JUDGE, G., BENNETT, T. and SAUNDRY, R. (2016) *Managing employment relations*. 6th ed. London: Chartered Institute of Personnel and Development.

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Journal articles

GORDON, L. (2020) *The legal consequences of getting employee relations wrong*. *People Management* (online). 10 January.

KAUFMAN, B.E. (2014) History of the British industrial relations field reconsidered: getting from the Webbs to the new employment relations paradigm. *British Journal of Industrial*

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ROSS, C. (2013) New unions in the UK: the vanguard or the rearguard of the union movement? *Industrial Relations Journal*. Vol 44, No 1, January. pp78-94.

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This factsheet last updated by Rachel Suff.