INTRODUCTION AND OVERVIEW

IRRU embraces the research activities of the industrial relations community at Warwick Business School (WBS). There are currently 17 academic staff in IRRU, including several who are also members of the Industrial Relations and Organisational Behaviour (IROB) subject group of WBS and two members of the research centre on Skills, Knowledge and Organisational Performance (SKOPE). IRRU has eleven associate and visiting fellows. Current membership is listed in Appendix A.

IRRU’s research continued to cluster around four main themes. As detailed later in this report there has been substantial research activity during the year on each. On Europeanisation, internationalisation and comparative, ESRC-funded research on the European dimensions to collective bargaining at sector and company levels has been brought to a successful conclusion; research on European Works Councils continues; preparatory work has been completed and a funding proposal submitted for a major survey of employment practice in multinational companies (MNCs); comparative case studies of work organisation and workplace employment relations have been progressed; ESRC-funding for a new project on the impact of inward investment on employment practice in central Europe secured; and new research on trade union representation of employee interests at transnational level mapped out. On equality and diversity the READ (Researching Equality and Diversity) group established in 2001 has been involved in a number of initiatives. On work organisation and the management of change a substantial study evaluating the DTI’s partnership fund has thrown new light on the diversity of partnership arrangements. New research on long hours, flexible working and the work/life balance is being developed. Crossing this theme and the fourth, the legal regulation of employment, a new project is underway involving research on UK implementation of the EU’s 2002 directive on employee consultation; an early output was an influential report mapping out the implications. A second DTI-funded study has examined the impact of employment laws on small firms.

Highlights in terms of public events during the year included the first public lecture in honour of Sir Pat Lowry, former chair of ACAS and member of the WBS’s Advisory Board. Organised jointly with ACAS, the keynote speaker was Emeritus Professor Keith Sisson on the challenges which the EU’s employee consultation directive poses for UK employment relations. Also, at the request of the Department of Trade and Industry as part of the Government’s consultation exercise on UK implementation of the directive, IRRU hosted one of a series of regional roundtables, bringing together employer and trade union (and employee) representatives and industrial relations professionals with a minister in attendance. On publications and dissemination, the year included the completion of the revised edition of IRRU’s textbook, Industrial Relations: Theory and Practice, which was published at the beginning of 2003. The result of a successful tender means that IRRU will continue as UK national centre for the on-line European Industrial Relations Observatory, which is being increasingly widely used by researchers and practitioners alike, for a further three years.

IRRU’s aim is to continue to produce high quality, independent research which is critical in nature, contributing both to the conceptual and empirical development of the field and to improving the information and analysis available to the policy and practitioner communities at national and European levels. This requires securing research funding to support the employment of existing and new dedicated research staff. The bids that were successful during 2002 have contributed to securing existing staff. Our own income-generation activities have also made a significant contribution in this respect. It also implies that IRRU needs to keep under review the ways through which it seeks to engage with the policy and practitioner
communities over research. Successfully addressing these two issues are the main challenges for the immediate future.

2 STAFFING

2002 saw few changes in staff personnel. Jane Parker joined IRRU on being appointed to a fixed-term lectureship at WBS in October. Jill Smith, with whom IRRU has long-established research contact, completed her fixed-term appointment on a project and was no longer in post at the end of the year. A combination of internally-generated research funding and IRRU’s successful tender to the European Foundation for renewal of its contract as UK national centre of the European Industrial Relations Observatory meant that we were able to offer Jim Arrowsmith a further two-year contract starting in October 2002. Secure funding streams enabled Mark Hall’s self-financing two year rolling contract to be rolled forward for a further 12 months to the end of September 2004.

In October, Paul Marginson became Director of IRRU. He took over from Paul Edwards, who was Director from 1998 and had been Deputy Director for ten years before that. Paul had effectively steered IRRU through the difficult transition phase immediately before and following the ending of ESRC centre funding, through the IRRU-based CINTER (Centre for International Employment Relations Research), in September 1998. For much of this period, including the 2001 Research Assessment Exercise, he was also Research Dean for the Business School. The year’s study leave which he commenced in October 2002 is richly deserved.

Last year special mention was made of David Winchester, who formally retired from WBS in September 2001. We are pleased to report that David is continuing his association with IRRU, as an associate fellow from January 2003.

3 RESEARCH PROJECTS

Theme 1: Europeanisation, internationalisation and comparative

Europeanisation of collective bargaining

This 30-month project, involving Paul Marginson, Keith Sisson and Jim Arrowsmith, and funded under ESRC’s One-Europe or Several programme ended in December 2002. The research focused on the emerging European dimension to collective bargaining at sector and company levels, in a context where a strong trend for decentralisation towards the company level also continues. It is based on a cross-national study of employer’s organisations, trade unions and multinational companies at EU-level, in four countries (Belgium, Germany, Italy and the UK) and two sectors (metalworking and financial services). Last year we reported on the further elaboration of the analytical framework underpinning the project, emphasising the respective roles of bargaining co-ordination across borders, ‘soft regulation’ and benchmarking, and on the sector-level field research.

During 2002, the main empirical focus was the company-level. Access was negotiated to ten high profile multinational companies in the two sectors and four countries (two companies in each sector in the UK, one in each sector in the other 3 countries). Each of the case companies is a leading MNC with large-scale operations in the country concerned. Also, in Belgium, Germany and Italy, the companies are either the leading or one of a leading group of companies within their respective employers’ association; they are therefore influential in shaping developments in their sector agreement. Interviews were conducted with senior
managers and employee (trade union or works council) representatives at group level, and in
the UK case studies with similar respondents in two of the main business streams or
divisions. A report summarising and synthesising the findings from the ten case studies was
sent to the management and employee representative respondents at the companies
concerned. Key findings are summarised in the box on p.20.

The field research in Belgium, Germany and Italy was undertaken with the involvement of
partner institutes, respectively IST in Louvain, IAAEG in Trier and IRES Lombardia in
Milan. The assistance of the partner institutes in identifying the appropriate respondents,
setting-up interviews and subsequently conducting them with one of the research team,
proved most valuable. The result was a very high level of co-operation. Methodologically, the
‘co-interviewing’ method enabled the study to benefit from the comparative insights which
derive from interviewers operating within different national frames of reference.

A paper, presented at the Journal of Common Market Studies 40th anniversary conference at
the European University Institute, draws together the findings of the project to argue that they
signal the emergence of a complex multi-level system of industrial relations governance
within Europe. This multi-level system reflects informal and incremental autonomous
developments as well as deliberate institution building, as multiple actors seek to exploit the
available means to grapple with the implications of the ‘regime competition’ that EMU is
promoting. Developments have been ‘bottom-up’ as well as ‘top down’; cross-national
(horizontal) influences mix with national (vertical) ones and involve the sector- and
company- as well as (EU- and national-) inter-sector levels. There is a great deal of
‘hybridization’ and ‘cross-fertilization’. In bringing about a measure of convergence within
companies and sectors, the multi-level system is simultaneously
promoting greater diversity between companies and sectors within national systems.
Understanding of industrial relations responses to European integration has, therefore, to take
into account the articulation of ‘top down’ and ‘bottom up’ developments.

Further formal papers were presented at ESRC’s One Europe or Several? programme’s
conference, a UACES workshop at Loughborough and at BUIRA. A presentation on
‘Benchmarking and the ‘Europeanisation’ of labour markets’ was made at the OEOS
programme dissemination event in January. Two high-level seminars for policymakers and
practitioners to report on, and debate, the project’s main findings were organised in
November 2002 in Brussels and London, respectively. Publications during the year include
articles in British Journal of Industrial Relations, Industrial Relations Journal and Journal of
Common Market Studies (see above). At the end of the year, two further papers have been
accepted for publication and another one is under review. Marginson and Sisson are working
on the manuscript of a book, The Europeanisation of industrial relations? A multi-level
system in the making (working title), which draws on the findings to address the character of
the Europeanisation of industrial relations which is underway and which will be published by
Palgrave/Macmillan in its Professional Business and Management series.

**EU enlargement and industrial relations**

EU eastward enlargement gained momentum in 2002, leading to the agreement of
Copenhagen on the 13th of December. IRRU is engaged in research on the industrial relations
implications of this historic geo-political event. In an article published in European Journal of
Industrial Relations, Guglielmo Meardi examined the impact of EU eastward enlargement
for the so-called European social model. Drawing on an in-depth analysis of the case of
Poland, Meardi demonstrated that industrial relations also has a considerable impact on
enlargement and uncovered a notable asymmetry in the position of employers and trade
unions. In the west, employers have strongly supported enlargement whilst trade unions in
some countries are increasingly sceptical, whereas in the east the opposite is the case. The article concluded that pressures from enlargement risked fragmenting the predominant west European model based on sector-based, multi-employer structures of collective bargaining, opening up the prospect of an ‘Americanisation’ of industrial relations across Europe.

A pilot study, funded by the British Academy, on the extension of European Works Councils to Poland was undertaken and completed by Meardi. Results, focusing on the potential of EWCs to reduce the information gap between western and eastern Europe, were presented at the International Employment Relations Association conference in July and summarised in the Winter 2002-03 edition of *IRRU Briefing*. Polish involvement in EWCs was found to be substantial, amounting to full employee representation in one-quarter of the multinationals concerned. The impact in Poland has generally been small, but two findings were of note. First, unions rather than management tended to cite western models as exemplars of change. Second, problems of east-west co-operation within EWCs were unusual, and new patterns of alliances were found. On occasion, Polish unions and central management combined to constrain ‘overly zealous’ local management. Drawing on the pilot research, a more ambitious project comparing employment practices of German and US MNCs in the automotive sector investing in Hungary, Poland and Slovenia was successfully submitted to the ESRC by Meardi and Paul Marginson. The study, which will be undertaken in cooperation with leading researchers from institutes in the three countries concerned and the Freie Universitaet Berlin will commence in mid-2003 and be completed during 2005.

The implications of EU eastern enlargement has particularly acute policy implications, including issues of ‘social dumping’, the transformation of business systems, and the future of EU regulations. With this in mind, Meardi has disseminated findings to policy-makers and practitioners through the publication of shorter reports in *European Works Councils Bulletin*, *IRRU Briefing* and *CLR News*.

**European Works Councils**

Research on the extension of EWCs into central Europe is reported above. During the year, IRRU researchers, together with colleagues at Templeton College, Oxford, successfully tendered to undertake the UK-based aspects of a major international project on the operation of EWCs, co-ordinated by the European Foundation for the Improvement of Living and Working Conditions. The research covers 40 companies headquartered in five EU countries (France, Germany, Italy, Sweden and the UK) and is designed to identify the variety of practice that exists amongst EWCs. Negotiation of research access in eight UK-headquartered companies was well advanced at the end of the year, and the field research and analysis will be completed during the first half of 2003. Earlier European Foundation commissioned research analysing the contents of EWC agreement formed the basis of an article by Mark Gilman and Marginson, published in *Industrial Relations Journal*. This identified four influences operating on the terms of agreements: a ‘statutory effect’, reflecting the provisions of the Directive’s fall-back model EWC; ‘country’ and ‘sector’ effects, relating to the country-of-origin of the company concerned and its sector of operation, respectively, and; a ‘learning effect’ under which innovative provisions in particular agreements subsequently become more widely diffused. This last effect is also of potential significance as agreements are revised and re-negotiated.

During 2002, Carley and Hall twice updated their chapter on ‘Worker representation’ for the Sweet & Maxwell loose-leaf encyclopaedia *EU employment law and the UK*, first published in 2001. The chapter reviews key developments in law and practice at European and national level relating to European Works Councils and other aspects of employee involvement.
including the European Company Statute and the Directive on national information and consultation rules.

**Multinational companies**

**Comparative case studies**

Paul Edwards and Martyn Wright continued their long-standing collaboration with Jacques Bélanger (Université Laval, Quebec) on new work organization in multinational firms. Work proceeded this year on two fronts. First, a paper was written for an international conference; it has now been accepted for publication. The paper analyses team work in an aluminium smelter at Laterrière, Quebec, owned by the Canadian firm Alcan where workers accepted a new system of team working, and indeed argued strongly for it, while also retaining a clear sense of their independence from management. It argues that such a division of labour allows team work to meet workers’ expectations, but it also shows that Laterrière was in many ways a distinct case, for reasons connected with the firm’s product market position and the locally embedded nature of management and trade union organization. A further paper, published in *Relations Industrielles / Industrial Relations* examined the changing nature of production at two matched aluminium smelters over a twenty year period, and the conditions which precipitate major change.

Second, work progressed on a theoretical project aimed at locating workplace participation in a theory of class co-operation. A paper was presented at the International Sociological Association World Congress and also at an IRRU seminar. By the end of the year, two draft papers were complete, with the aim of submitting them to a journal next year. Related to this work, Edwards and Bélanger wrote a paper reviewing the literature on teamwork for an international conference next year. Some of these themes are also addressed in the summary provided in the box on p.17.

As reported last year, Edwards and Wright are also working with Canadian colleagues on a project funded by the Canadian Social Science and Humanities Research Council (SSHRC) on the ‘foundations of workplace efficiency’. Two Canadian companies are participating in the research, but issues of access delayed the planned fieldwork in the UK. Edwards participated in a project team meeting in November, out of which plans emerged for fieldwork in two UK companies during 2003. He also participated in a network of 44 scholars led by former IRRU member Gregor Murray, now of the Université de Montréal, studying work relations and globalization. This network was successful in winning a major grant from SSHRC, which will permit continued collaboration of researchers and doctoral students.

**Survey of MNCs**

Paul Edwards and Paul Marginson, together with Associate Fellows Prof. Anthony Ferner and Dr Tony Edwards and also Dr Olga Tregaskis (De Montfort University, Leicester) have continued preliminary work, and developed a funding proposal, for a large-scale survey of employment practice in organisational context in multinational companies (MNCs) operating in the UK. At the end of the year, the proposal was ready to be submitted to ESRC. The study has two principal aims:

- To map and analyse the contours of MNCs as organisations, in terms of the range of organisational forms, nationality of origin, sector of operation, degree of international integration, and size of firm, thus encompassing a greater diversity of companies than previous studies;
- To examine the interrelationship between such organisational variables and patterns of employment practice in MNCs’ UK operations.
Three core groups of employees will be studied. The first are managers, who are often seen as central to organisations’ efforts to identify and develop a cadre of internationally experienced staff. Second, however, there may be non-managerial groups that are key to international competitive advantage, such as research staff and product designers, and respondents will be asked whether their firms have such groups. Third, non-managerial staff more generally, which earlier studies have shown to be implicated by cross-border dimensions on employment practice. Respondents will be asked detailed questions focusing on four areas of employment practice: performance management and reward systems; learning and development; employee representation; and employee involvement and communication. These areas represent core aspects of the management of human resources across borders, but also they can be expected to be influenced to differing extents by such factors as the nationality of ownership, and the characteristics of the UK host environment.

In the absence of any publicly available sampling frame, detailed preparatory work to compile one, involving five months of research by a clerical research assistant – Jane Parker - and funded by the Warwick and De Montfort Universities, has been undertaken during the year. An extensive search and check of electronic and hard copy corporate databases has established the first comprehensive listing of multinational companies with operations in the UK (including both overseas-owned and UK-owned companies). The substantive result is a listing of 2,525 overseas-owned MNCs with global employment of 500 or more and operations in the UK employing at least 100, and 577 similar UK-owned companies with at least 100 employees in at least one other country. Of the overseas-owned companies, the largest numbers by country-of-origin are based in the USA, Germany, France, the Netherlands, the Nordic area and Japan. The process was also instructive in terms of the completeness and reliability of the information contained in the major corporate databases. A report of the database search, which covers both substantive and procedural aspects, is available.

**Transnational trade union organisation**

New research on transnational union strategies of co-ordination, concentrating on problems of trade union vertical co-operation at international, regional (European) and local levels, has been initiated by Valeria Pulignano. Funded by the University’s Research and Teaching Development Fund, the point of departure for the research is the activities of national and local union officials in the respective subsidiaries of the same American MNC within two host-European countries (Italy and UK), across two sectors (metalworking and chemical), thereafter opening up contacts between the company trade union representatives and the activities of European and international union bodies. As part of this research project a period of study was spent over the summer as Visiting Fellow at Cornell University (USA) at the School of Industrial and Labor Relations. Findings from the research will be reported next year.

**Theme 2: Equality and diversity**

Last year’s report covered the formal establishment within IRRU of the Researching Equality and Diversity (READ) research group. READ acts as a focus for work in this area and is intended as a research network to encourage collaboration on researching equality and diversity both within Warwick and with other institutions. In March, Ardda Danieli and Anne-marie Greene were co-organisers of a two day workshop on ‘Problematising Diversity’ held in Manchester as part of the ESRC funded Seminar Series on Critical Management Studies (jointly organised by UMIST, Lancaster and Warwick). Ardda Danieli presented a paper on ‘Researching Disability’ and Anne-marie Greene on ‘Trade Unions and Diversity’.
READ members have also been involved in the development of two research projects, led by Greene and Danieli, for which funding is being sought. One involves a collaborative, longitudinal project exploring managing diversity practices within a construction firm. The other looks at gender differences in learning expectations and experiences on MBA programmes.

Greene has continued her research with Gill Kirton (London Metropolitan University) on positive action strategies amongst UK trade unions aimed at increasing levels of participation and representation amongst women and black workers. Papers were published in *Gender, Work and Organization* and *Industrial Relations Journal*. The latter surveyed structures for women and black members in large TUC-affiliates and examined in-depth the gender- and race-equality strategies of MSF (now part of Amicus). Salient differences were found in union approaches to gender and race equality, and the paper concluded that whilst reserved seats and ‘proportionality’ practices in representative structures for women members held the potential to secure influence on a sustained basis, more radical positive action and organising strategies were needed to support the emergence of a critical mass of black activists.

The year saw the start of a 3-year research project funded by the Australian Research Council (chief investigators: Strachan and Burgess, University of Newcastle, NSW), on which Linda Dickens is a partner investigator. As reported last year the research will explore policy approaches and progress towards equal employment opportunity in Australia and Britain.

**Theme 3: Work organisation and the management of change**

Comparative research on new work organisation in multinational firms by Paul Edwards and Martyn Wright, reported above, relates also to this theme.

**Partnership arrangements**

As reported last year, Mike Terry successfully bid for a DTI contract to produce a research-based evaluation of the activities supported through the Department’s Partnership Fund. Working with Research Fellow Jill Smith since late 2001 the research has now been completed and the report accepted in December 2002. This has involved analysis of documentation relating to the 120 winners of the first three rounds of bids to the Fund, followed up by telephone interviews with key players involved in almost all, and 12 detailed case studies of specific initiatives.

The results indicate that partnership initiatives, at least as indicated by applications to the Fund, are dominated by large, unionised organisations and by the public sector and privatised utilities in particular. In such cases partnership may be seen either as an opportunity to extend existing consultation arrangements into new areas (in particular issues relating to equal opportunities and work-life balance) or to reconstruct systems and procedures perceived as ineffective. Fewer examples could be found from other parts of the economy (e.g. non-union employers and SMEs) although there were clear examples of significant innovation both in these cases and in the voluntary sector. In such cases the fact of DTI support was of particular significance not only because of the provision of resources to organisations that had few supporting any IR/HR activity but because of the symbolic significance of DTI support for new initiatives.

The studies revealed near-universal support for the initiatives from both management and union respondents, and a general view that both corporate performance and the standing of trade unions had been enhanced. Less evident were the direct benefits to employees of the new partnership arrangements; in particular several of the SME initiatives lacked evidence of the reciprocity/mutual gains philosophy seen as central to partnership. While much of the work supported by the Fund was unspectacular, developmental work, the particular
significance of the Fund would seem to derive from the simple fact of its existence, and the clear implication that a major government department is interested in fostering partnership relationships in the workplace.

**Workplace industrial relations and outsourcing ‘in-house’**

As reported last year, Valeria Pulignano has been working on a project funded by the Ministry of Research in Italy (MURST - Ministero dell’Università per la Ricerca Scientifica e Tecnologica) with Italian partners (University of Calabria and University of Turin – Co-ordinators: Profs G. Sivini and G. Bonazzi) on ‘Outsourcing and modular organisation and their implications for industrial relations and labour organisation in the motor industry: an international analysis’. Among the themes of this research, which was completed during 2002, is the effect on industrial relations of new contractual relationships between car assemblers and their suppliers. In a paper published in *Warwick Papers in Industrial Relations* Bonazzi and Pulignano analyse the phenomenon of ‘in-house outsourcing’ using a number of examples within the Fiat Auto’s Italian operations. They demonstrate, from an organisational perspective, how efforts to substitute hierarchical with market relationships have had mixed results, depending on the complexity and integration of operations, and that the formal operation of contracts often has to be lubricated by informal systems of favours exchange. They also analyse the implications for industrial relations, arguing that the very fragmentation that in-house outsourcing introduces into the production process encourages the re-constitution of collective relations more broadly to cope with the complexities and frictions of decentralisation.

**Working time**

Jim Arrowsmith’s research into working time progressed in two main ways during 2002. His historical review of the general reduction of basic working hours and the rise of overtime working was published in the Spring 2002 issue of *Historical Studies in Industrial Relations*. Entitled ‘The Struggle Over Working Time in Nineteenth- and Twentieth-Century Britain’, the paper argues that reduced working time was historically a central issue for the trade union movement, and delivered some of its most significant and enduring gains. However, the institutionalisation of overtime working in the long boom that followed the second world war undermined much of this advantage, and paved the way for an employers’ ‘flexibility offensive’ when conditions changed. The consequences and response to this flexibility offensive forms the second key element of the research, examining issues related to ‘work-life balance’. The results of a comparative study into ‘Working Time and the Quality of Life’ compiled by Arrowsmith for the European Industrial Relations Observatory showed how ‘family-friendly’ and ‘work-life balance’ issues were becoming increasingly prominent for governments, unions and many employers, not least in response to changing social and labour market conditions. However there tended to be a gulf between formal commitment and putting concerns into practice through legislation and collective bargaining. Arrowsmith presented the findings from the study to the Women’s Committee of the European Trade Union Confederation in February.

Drawing on both these strands of work, Arrowsmith is currently developing new research on ‘Long hours, flexible hours and the work-life balance’. The objective is to identify the conditions under which employers and unions might try to move away from a ‘long hours culture’, how they might attempt this and with what effects in terms of business and HR performance. Of particular interest in new initiatives such as annualised hours, hours banks and part-time working are the questions ‘whose flexibility and at what price?’ to determine the scope for ‘win-win’ scenarios for employers and employees alike. This research will be undertaken during 2003-04.
Theme 4: Legal regulation of employment relations

Legislating for workforce consultation

In October 2001, Mark Hall began a new project focusing on the UK impact of the EU employee consultation Directive, which finally reached the EU statute book in March 2002. The project involves monitoring the progress of the EU-level and national discussions on strengthened consultation requirements, analysing the implications for UK industrial relations of the Directive and related domestic legislative proposals and, over the longer-term, developing research into the effects of such legislation once it reaches the UK statute book.

An early output from the project was the publication in April 2002 of a joint IRS/IRRU report - *Works councils for the UK? Assessing the impact of the EU employee consultation Directive* - co-authored with Andrea Broughton (IRS), Mark Carley (EIRO) and Keith Sisson. The report explains the Directive’s requirements and identifies the key policy choices facing the UK government in implementing the Directive. Drawing on the experience of works councils elsewhere in Europe and employee consultation initiatives already taken by leading UK companies, it highlights the key issues raised by the Directive for management, employees and unions and the options for dealing with them, as well as the Directive’s wider significance for the future of UK industrial relations. A summary of some of the key points in the report is given in the box on p.16. As reported below, the report attracted considerable press attention.

The next phase of the project involves undertaking a number of case studies of leading companies’ information and consultation arrangements, in the light of the requirements of the EU information and consultation Directive. In discussion with the Involvement and Participation Association, six companies have been identified and approached for research access. The case studies will entail brief interviews with key managerial and employee-side players, together with the collection of relevant documentation (constitutional arrangements of consultative bodies, minutes etc). The material gathered will be written up for publication in the IPA’s case study series and will also feed into a wider IPA benchmarking exercise in preparation for the introduction of UK legislation to implement the Directive. The case studies will get underway in early 2003.

Keith Sisson’s activity on employee consultation also featured the inaugural Warwick-ACAS public lecture in honour of Sir Pat Lowry, ‘The information and consultation Directive: unnecessary “regulation” or an opportunity to promote “partnership”?’, which was subsequently published in *Warwick Papers in Industrial Relations*.

Individual legal rights

Linda Dickens reflected upon, and extended her work in the area of, individual legal rights in an article for a special edition of the journal *Employee Relations* dealing with public policy developments under the Labour government of 1997-2001. The article documents developments in statutory individual employment rights since the election of the Labour government in 1997. Such rights have become more extensive as a result of Labour government ending the UK’s ‘opt-out’ from the European social dimension, and driven by domestic agendas. The extent to which this expansion indicates a marked difference in approach to statutory employment rights on the part of New Labour when compared to Conservative predecessors is questioned. Dickens argues that there is a willingness to articulate different rationales but some echoes too of previous ideology. The article also discusses the mechanisms for the adjudication and enforcement of individual employment rights. Dickens argues that, although there have been changes in the institutions and dispute settlement processes and procedures, an opportunity for a radical re-think was missed.
Again, she indicates there are continuities with Conservative thinking, as well as departures from it. Part of her argument is that policy in this area is being based on a problematic representation of ‘the problem’ of increased exercise of individual rights. She also argues that expansion of substantive individual rights is constrained by a neglect of the inter-relationship between individual employment rights and collective representation at the workplace and by the government’s seeming ambivalence towards the latter.

**Regulation and employment relations in small firms**

As reported last year, James Arrowsmith, Paul Edwards and Mark Gilman (now at the University of Kent) continued writing up the results of their project with Monder Ram (de Montfort University). Two papers were published during 2002, and two more are forthcoming. The research addresses the responses of small firms to employment regulation. It shows that the overall impact of regulation is weaker than might be expected, which it explains in terms of the ability of the firms to absorb the costs. The impact was, however, far from uniform: firms already under cost pressure found it hard to cope, while a small number of firms following strategies of moving up-market found the regulations a stimulus. The policy implications, pursued in one paper, concern the use of support agencies to help firms to identify and pursue this latter option.

As also noted last year, Edwards and Ram are conducting a related study for the DTI on the impact of employment legislation on small firms. Together with John Black, they conducted 18 case studies and completed a draft report for the DTI. Results will be available next year. In addition, Edwards and Ram drafted a short paper on developments in research on small firm industrial relations, and they are working on a larger assessment of the field.

**Other research**

**Trade Unions and the Internet**

Research activity by Anne-marie Greene has continued around trade unions and information and communication technologies (ICTs). The focus during 2002 has been the potentialities and experiences of ICT use by trade union activists who are ‘atypical’ (not male or full-time employees) and/or representing ‘atypical’ workers (part-time, temporary, fixed-term, casual and distance and home workers) and on electronic networks in a large UK union. A special issue of the *Industrial Relations Journal* on ‘Unions and the Internet’ is scheduled for September 2003, co-edited by Greene, which aims to bring together key debates in the field, indicating significant areas for future research.

**Trust and consent**

Paul Edwards completed a paper, written jointly with two former doctoral students and based on ethnographic work in four workplaces by the students, on the negotiation of trust and the politics of consent. He also wrote a review essay on Alan Fox’s *History and Heritage* for the journal *Historical Studies in Industrial Relations*. Fox had long-standing association with the Unit, including our publication of his autobiography (itself the subject of a piece on the same number of the journal by Tony Topham). He died in June 2002, and Edwards used the essay to locate the book in Fox’s work as a whole.

**European Industrial Relations Observatory**

During 2002, IRRU successfully tendered to continue as the UK national centre for the European Industrial Relations Observatory (EIRO) for a further three years (2003-5). Established in 1996, EIRO operates under the aegis of the European Foundation for the
Improvement of Living and Working Conditions and is based on a network of leading research institutes in each of the EU countries plus Norway and, since mid-2002, Hungary, Poland, Slovenia and Slovakia. EIRO collects, analyses and disseminates high-quality and up-to-date information on key developments in industrial relations in Europe, primarily to serve the needs of a core audience of trade unions and employers’ associations at national and European level, governments and EU institutions. IRRU has been the Observatory’s UK national centre since its inception.

As the UK national centre, IRRU provides EIRO with a range of inputs including *in briefs* on key UK developments and debates; longer, more analytical *features*; and contributions to *comparative studies* which focus on a particular topical issue and its treatment across the 20 countries covered by EIRO. These various inputs appear as records on the Observatory’s database, *EIROonline*, which is the core of EIRO’s operations and is publicly accessible on the internet at [http://www.eiro.eurofound.eu.int/](http://www.eiro.eurofound.eu.int/). A small, edited selection of EIRO material appears in hard copy in the bi-monthly publication, *EIROObserver*.

During 2002, Mark Hall continued to co-ordinate and edit the UK input to EIRO, and was responsible for IRRU’s successful tender to continue as the UK national centre. He also writes IRRU’s complement of *in briefs*. Features and contributions to comparative studies are provided by IRRU members and other UK researchers. Full details of IRRU’s input to EIRO over the period under review are contained in Appendix A. IRRU received a very positive editorial assessment of its EIRO input during 2002 from the EIRO management team in Dublin. This concluded that ‘the very high standards set by the UK national centre in previous years have been fully maintained’.

### 4 DISSEMINATION

A full list of publications during the year is provided in Appendix B, together with papers given and presentations at conferences.

Paul Edwards completed the editing of the second and completely revised edition of *Industrial Relations: Theory and Practice*. Published by Blackwells, the book appeared early in 2003. This second edition aims to continue the style of its predecessors (the first edition published in 1995 and the 1983 volume *Industrial Relations in Britain* edited by George Bain) through the comprehensiveness of its treatment of the subject area and an authoritative blend of description and analysis. The contributors are largely drawn from current and former IRRU members. As compared with the 1995 volume the main changes reflect developments in practice and in analysis in the field: greater emphasis on the international context of developments in the UK and the impact of supranational institutions and organisations, such as the EU and multinational companies; more attention to the strengthening tendency towards individualisation of the employment relationship and; consideration of a broader range of ‘outcomes’ for management and workers than the earlier focus on productivity. In a new introductory chapter, Edwards analyses the changing nature of industrial relations as a field of enquiry, spells out its relationship to personnel management and human resource management and considers challenge to the field coming from research into gender and work and from the view that IR has paid insufficient attention to worker interests and the links between work and society, respectively.

Two papers were published in the *Warwick Papers in Industrial Relations* series, which is now edited by Jim Arrowsmith. Publication is on-line through IRRU’s web-site, which also carries research and conference papers by IRRU staff. The web-site, which has links to
teaching programmes and external on-line industrial relations resources and organisations, is
located at: http://users.wbs.warwick.ac.uk/irru

The eighth research Briefing was published and circulated widely at the end of 2002. It
featured articles on the Impact of European Works Councils, Changing industrial relations in
eastern Europe, Benchmarking and the regulation of work and small firms, employment
legislation, business associations and public policy.

Mark Carley and Mark Hall have continued to co-edit European Works Councils Bulletin.
Launched in the autumn of 1995, EWCB is jointly published by IRRU and Industrial
Relations Services six times a year and provides high-quality, independent analysis of all
aspects of European Works Councils and EU information and consultation developments
more generally. As well as boosting IRRU’s profile amongst key ‘user’ groups, particularly
multinational companies, the Bulletin continues to generate significant income to IRRU’s
research funds.

The first public Warwick-ACAS lecture in honour of Sir Pat Lowry was held, at Warwick, in
March. Organised by IRRU together with ACAS the aim was to provide an occasion bringing
together leading industrial relations practitioners, professionals and academics for a keynote
address on an issue of contemporary relevance to the promotion of good employment
relations practice. The lecture was given by Emeritus Professor Keith Sisson under the title
‘The information and consultation Directive: unnecessary “regulation” or an opportunity to
promote “partnership”? and is available at IRRU’s web-site (address given above). Chaired
by Rita Donaghy, Chair of ACAS, and attended by Lady Lowry, the lecture attracted a wide-
ranging audience of over 50, comprising employers and representatives of employer
organisations, trade union officers, industrial relations professionals and academics. A second
lecture in the series will be held in March 2003.

The joint IRS/IRRU report Works councils for the UK? Assessing the impact of the EU
employee consultation Directive published in 2002 and of which Mark Hall was lead author
attracted considerable press attention, including articles in Personnel Today, Labour
Research and IRS Employment Trends and a two-page spread in the Guardian’s Jobs and
Money supplement. In conjunction with this report, Mark Hall and Andrea Broughton
organised a major practitioner-oriented conference on ‘Facing the challenge of the EU
employee consultation Directive’, held by IRS in London in March 2002. As well as the
authors of the report, the speakers at the conference included senior representatives from the
CBI and TUC, the Work Foundation, BMW and Thames Water. The conference was well
attended, and received highly positive evaluations from the participants. In November, Hall
addressed a London meeting of the Industrial Law Society on the subject of the UK
implementation of the Directive. Keith Sisson made presentations on the implications of the
Directive to an IPA conference in Birmingham in June and to the annual Amicus partnership
conference in December.

Ardha Danieli and Anne-marie Greene were co-organisers of a two day workshop on
‘Problematising Diversity’ held in Manchester in March as part of the ESRC funded Seminar
Series on Critical Management Studies (jointly organised by UMIST, Lancaster and
Warwick).

As noted above under the research report on Europeanisation of collective bargaining,
November 2002 Paul Marginson, Keith Sisson and Jim Arrowsmith organised two high-level
seminars in Brussels and London with the specific aim of disseminating key findings to
leading EU-level and UK policy-makers and practitioners, respectively. The Brussels seminar
attracted participation from high-level European Commission officials and representatives of
European employers’ organisations and trade unions. The London seminar was attended by representatives from public bodies, employers’ organisations, trade unions, leading companies, and specialist industrial relations organisations.

Preliminary findings from Mike Terry and Jill Smith’s research into partnership were presented at a meeting of the EEF’s Employment Committee in April.

5 RESEARCH FUNDING

Funding sources for projects which started, were ongoing or completed during 2002, and new grants secured for research commencing in 2003, are listed in Appendix C. IRRU’s own income generating activities, particularly publication of European Works Councils Bulletin, resulted in a £27,000 gift aid donation from Warwick Industrial Relations Ltd (see Appendix D) at the end of the 2001-02 financial year. This funding is supporting the new project on UK implementation of the EU’s employee information and consultation directive. New grants commencing in 2003 include a further 3-year contract for IRRU as UK national centre for the European Industrial Relations Observatory and an ESRC award for a project on ‘Employment practices in German and US companies in central Europe’.

6 PUBLIC AND PROFESSIONAL ACTIVITIES AND DISTINCTIONS

In autumn 2002, the Department of Trade and Industry invited IRRU to organise and host one of a series of regional round-table discussions promoted by the DTI to consider the key issues facing the UK in implementing the EU information and consultation Directive. Organisations such as ACAS, the CBI, the TUC, the Engineering Employers' Federation and the Involvement and Participation Association hosted similar events in other regions. The round-table for the West Midlands region took place at the University of Warwick on 22 November 2002. Baroness Symons, minister of state at the DTI and deputy leader of the House of Lords took part in the meeting. It was attended by 20 participants representing a cross-section of interested parties including employers, employee representatives, trade union officials, employment lawyers and academics. The round-table focussed on key questions posed by a DTI discussion paper, High performance workplaces: the role of employee involvement in a modern economy. The invitation to host the round-table is an indication of the high reputation IRRU’s work in this area has achieved among policymakers.

Linda Dickens was accorded the particular distinction of being awarded an MBE for ‘services to employment relations’ in the Jubilee Honours list.

Dickens continued her work as an ACAS Disputes Arbitrator and Mediator, including an appointment as chair of a Panel of Mediation in the national dispute between the UCW and Consignia (Royal Mail) in April/May. As a Deputy Chair of the Central Arbitration Committee, Dickens determined further cases of union recognition brought under the Employment Relations Act 1999. She also addressed practitioner conferences on this work during the year. In November 2002 Dickens accepted an appointment to Chair the Commission on Local Government Pay which was set up by agreement of the NJC following the national local government pay dispute earlier in the year. The Commission will begin work early in 2003 and is expected to report in September 2003.

Dickens continues to be an executive member of the International Industrial Relations Association, and has taken on a key role as rapporteur for the track (one of five) on
‘Changing contours of employment and new modes of labour regulation’ at the Association’s 13th World Congress to be held in Berlin in September 2003.

Mark Hall was commissioned by the Trades Union Congress to prepare a report for its task group on representation at work on the key issues raised for trade unions by the UK’s implementation of the EU’s Directive on employee information and consultation. The report was published on the TUC website in July 2002.

Sonia Liff was appointed to the ESRC panel assessing submissions for the Gender and (In)Equalities strand of Council’s Priorities Networks Competition (2002-03).

Paul Marginson was invited to participate in an informal working session convened by DG Employment and Social Affairs of the European Commission on ‘transnational collective bargaining’ in July.

As an expert on the Polish labour market, Guglielmo Meardi, accompanied the UK Government Minister with responsibility for Employment Relations, Alan Johnson MP, on a ministerial visit to Poland in September 2002. As well as advising the ministerial team, he participated in a high level seminar on the EU Employment Strategy. He was also a discussant at a workshop on employment relations in the construction industry in candidate countries sponsored by the European Commission in London in May 2002.

Keith Sisson is a member of the Executive of the Involvement and Participation Association (IPA), whose members include many of the UK’s best known companies and leading trade unions, and of the Advisory Board of the TUC’s Partnership Institute. He edited Towards the high performance workplace: The IPA’s response to the DTI’s consultation paper.

Expert advice was provided by Mike Terry to Pork Farms-Bowyers, part of the Northern Foods Group, and the Transport and General Workers’ Union on developing their partnership arrangements.

Mike Terry took over as editor of Industrial Relations Journal from the beginning of 2002, at which point the journal moved to Warwick. However, unforeseen developments concerning the editorship led to his resignation in August. The Journal continued to be produced from Warwick until the end of the year, at which point it moved to the University of Nottingham.

Linda Dickens’ term of office as one of the editors of British Journal of Industrial Relations came to an end in November 2002, although she will continue to see submissions through to publication in 2003/04. Sonia Liff continues as an Associate Editor of Gender, Work and Organisation. Valeria Pulignano has co-edited a special issue of the Italian journal Sociologica del Lavoro, which published papers presented at an international workshop ‘Between Sociology of Work and Organisation Studies’ held in Bologna in November 2001. Mike Terry continued as joint editor of the European Employment and Industrial Relations Glossaries.
Works councils for the UK? Assessing the impact of the EU employee consultation Directive*

The adoption of the EU employee consultation Directive means that, by March 2005, the UK will have to introduce legislation requiring undertakings with at least 150 employees to inform and consult employee representatives on a range of key business, employment and restructuring issues. Ultimately, by March 2008, the legislation will apply to all undertakings with at least 50 employees - affecting three-quarters of all UK employees.

Of all the EU countries, it is in the UK (along with Ireland) where the Directive is likely to have the biggest impact. Reflecting their ‘voluntarist’ traditions, the UK and Ireland are the only EU member states without a generally applicable system of information and consultation through works councils or similar bodies established by law or by central collective agreement. Legislation based on the Directive will therefore represent a radical development in the UK context, introducing for the first time a comprehensive statutory framework regulating employee information and consultation issues.

The Directive has pushed employee consultation to the top of the UK employment relations agenda. In many companies, existing consultation arrangements will need to be overhauled, or underpinned by formal agreements. In others, employee consultation arrangements will need to be introduced for the first time. Above all, the Directive will be the catalyst for a much-needed re-evaluation of the role and importance of employee consultation.

While the government must ensure that its new legislation complies with the requirements of the Directive, the latter provides only a ‘general framework’ and ministers face a number of key policy choices in determining the specific approach the UK legislation adopts. These include whether consultation should take place at establishment or undertaking level; whether to provide for some sort of trigger mechanism whereby employees may seek the establishment of consultation arrangements, and whether consultation should be via representatives of recognised unions where they exist. In a number of areas, including confidentiality and enforcement, the provisions introduced may mirror those of the Transnational Information and Consultation of Employees Regulations 1999, which implemented the European Works Councils Directive.

Arguably the key issue in the overall design of the UK’s legislation it whether or not it will provide for a ‘standard model’, works council-type information and consultation body which could be enforceable in respect of employers who are unwilling to reach voluntary agreements. Clearly, if it does, the prescriptive effect of the legislation in terms of providing a benchmark against which voluntary information and consultation arrangements can be compared is likely to be all the greater.

In view of the significance of the Directive’s implications for the future development of UK employment relations, there is a strong argument that the government should go beyond the traditional pre-legislation consultation process and seek the more active involvement of the UK ‘social partners’ in shaping the UK’s implementation strategy. This could be done either by asking the CBI and TUC to engage in joint discussions on the key elements of the
necessary legal framework, or, probably more fruitfully, by establishing a more broadly-based commission or taskforce on the issue.

Management, trade unions and employee representatives will have considerable scope for flexibility in meeting the Directive’s requirements by means of voluntary agreements. Key practical issues requiring attention will include ensuring that employee representatives are genuinely representative of their constituencies and independent of management; the subjects covered by information and consultation; handling restructuring and confidentiality; the interface with trade union recognition arrangements; and meshing consultation via representatives with individual forms of employee involvement.

The Directive offers a unique opportunity for the government, employers and trade unions to strengthen the basis for effective workplace partnership arrangements in the UK. The new legislative framework should aim to provide the right context for developing an ‘information and consultation culture’ and replacing the adversarialism that has often characterised UK employment relations with a more positive approach in which management and employees work together to produce mutual gains.

*Mark Hall, Andrea Broughton, Mark Carley and Keith Sisson, IRS/IRRU (April 2002), 68pp

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The promise and constraints of new work organization

Three recent publications throw light on continuing debates on the operation of and conditions underpinning new work organization. Together, they suggest that new systems can benefit workers and managers but that there are also costs while the conditions for their operation are often demanding.

The social relations of productivity

This study examined the introduction of team work in two aluminium smelters of the Alcan company, one in Canada and one in England. The technology has long had an affinity with team working principles, being based on groups of workers who co-operate on common tasks. In addition, the product is unchanged for long periods and it calls for high levels of capital investment. Labour is a small proportion of total costs, and long-term relationships are important. How then was it that team work was not introduced until the later 1980s and early 1990s?

The first part of the answer was that productivity continued to improve during the 1980s. It was not the case that even a ‘mature’ technology – one of the plants was built in 1943 – had stagnated. Nor was it the case that there was a rigid ‘Fordist’ organization of work. Technologies ancillary to the main production process eased the work process, and continual adjustment of the balance of inputs and the technical process meant that output could be increased. Second, however, there were managerial concerns that these incremental process improvements would dry up. Third, product market competition was beginning to increase with the decay of the world oligopoly enjoyed by the ‘Big Six’ (of which Alcan was the second largest) aluminium producers.

These factors combined to focus attention on the organization of work. Even then, it was not the case that a self-evident ‘solution’ of team work appeared automatically. Its emergence reflected developments at company and plant level. Within the Alcan company there was a
philosophy of concern for people, in the work process and in the wider community. The firm was perhaps more open to ideas of team work than others. It began to develop broad team work principles, but these were not imposed on plants, which were free to develop their own specific practices, albeit against the benchmark or default option of teams.

Within the two plants, distinctive trajectories were followed. In the Canadian plant, a history of adversarial industrial relations in the 1970s had to be overcome, and there were slow developments during the 1980s in which the collective agreement reduced the number of job classifications. The further reduction in numbers of supervisors and the delegation of tasks to teams then followed. In this plant, an underlying factor was its age, and concerns to demonstrate its continued viability. In the English plant, viability was brought into focus more sharply by the closure of half the capacity in 1991, following a decline in demand. This provided a stimulus to change, but team work then developed more rapidly than in Canada, in part because there was a less adversarial tradition to overcome. Innovations such as team work thus have to be seen as the result of complex processes governing productivity, rather than as ready-made solutions.

The study, conducted by Paul Edwards and Martyn Wright with Jacques Bélanger (Université Laval), analysed trends in productivity and related them to the authors' observations and interviews in the plants. The two key productivity series measured the efficiency of labour and capital. Since both were physical measures, and since plant technology remained largely unchanged, they were reasonably direct measures, uncontaminated by problems of changing product mix or the need to put prices on different products that bedevil studies in this field. Labour efficiency was measured by man-hours per metric ton of aluminium. The measure of capital efficiency was production of aluminium per unit (‘pot’, the vessel in which molten aluminium was produced) per day.

The pragmatism of new work organization

The point that new work organization reflects pragmatism and concrete political processes was developed in a second study. This examined the introduction of total quality management (TQM) in six UK organizations. Much of the debate here is divided between those who identify a shift towards ‘empowerment’ and others who, in the words of the well-known management scholar Chris Argyris, argue that empowerment is often a case of the emperor’s new clothes. In this case, the clothes are a rhetoric of autonomy and team work, but in reality managers rely on command-and-control principles.

The study was able to show that in the firms analysed TQM had less grandiose claims than implied by a language of empowerment. The ‘clothes’ were serviceable, real, and down-to-earth. The particular innovation in the study was to ask managers what they themselves understood by ‘empowerment’. The great majority, while understanding the term, said that it did not apply in their case and that they preferred such concepts as involvement and participation. A key reason why the larger term was not used was the need for financial discipline. Managers themselves had performance targets to meet and budgets to control, and in such an environment ‘empowerment’ was felt to be an unduly vague and unfocused idea.

Survey data from employees together with case studies in three of the organizations showed that workers, too, had realistic expectations of TQM schemes. The schemes, like team work, certainly altered work organization and improved workers’ sense of autonomy. Concrete examples of the freedom to solve problems were given. But the constraints of meeting
delivery deadlines and operating within budgets were also recognized. In one case, a manufacturing firm, TQM entailed the use of process improvement teams which had had some success. But workers also complained that pressures to meet delivery targets were so extreme that it was impossible to work with product designers to address issues of how to design the product so as to make its manufacture as simple as possible.

If neither managers nor workers expect too much from TQM, it can make modest improvements. Such improvements often go along with new demands, for example tighter monitoring of work performance. The implication for theory is that approaches to TQM that have seen it as a subtle means of indoctrinating workers tend to exaggerate the threat. Workers are aware of what it entails, and managers do not use it in this way. Its results depend on more mundane issues such as the tightness of financial constraints and the degree of job security that workers enjoy.

The study was conducted by Paul Edwards, Margaret Collinson and Chris Rees. It examined six named organizations in the UK from manufacturing and private and public services.

**New work organization: conditions for success and limits to achievement**

The results of these two studies informed a wider overview of new work organization. Surveying quantitative and qualitative studies of innovations such as team work, quality circles and problem-solving groups, it concludes that the extent of these new work practices is considerable, in Europe and North America. Yet their depth, in terms of the amount of discretion granted to workers and the range of issues that they can influence, remains much more limited. There is also evidence of decay as well as the introduction of new approaches.

These approaches are shown to be most likely to succeed where they are consistent with the structure of work organization and with prior experience and expectations. Work organized on continuous process lines, as at Alcan, is more compatible with team work than is assembly line production. Where workers had prior experience of autonomy, for example under craft systems, and where teams either did not add to this autonomy or challenged it by demanding a more output-oriented approach, workers were likely to question the value of teams. But less ambitious approaches in other contexts, as in the TQM study, could create less opposition because expectations were lower. Other important conditions include the structure of employee representation. It is often the case that the most successful team experiments occur where management develops a constructive relationship with trade unions. Unions are not a necessary ingredient, and there are examples of successful teams in non-union environments, but in these cases non-union representative structures were in place while elsewhere there is little evidence of lasting team work embracing substantial worker autonomy in the absence of employee representation systems. Finally, product market conditions giving workers a degree of employment security underpin many developments in new work organization.

The puzzle of why teams seem to work while being rare is thus explained in part by the rarity of the underpinning conditions. In addition, new work organization can be costly, in two senses. There are the direct costs of designing new systems and training workers in their use (and the TQM study showed strong evidence that worker acceptance of TQM was greatest where training specifically in problem-solving and similar techniques was in use). But there are also the costs to managers of giving up long-established forms of authority for approaches which seem risky and uncertainty. Costs, moreover, are immediate when returns are long-term. An environment of short-term returns and of the measurement of managers against
immediate results does not encourage experimentation. These fundamental conditions of many organizations suggest that new work organization is likely to remain a minority experience.

This paper was written by Paul Edwards and Keith Sisson together with former IRRU colleague John Geary. It reviewed previous IRRU work, notably the survey of Employee direct Participation in Organizational Change, together with other published accounts.

**Collective bargaining between decentralisation and Europeanisation: a sector and company-level perspective**

Collective bargaining is in a state of flux in Europe. Processes and outcomes have been fundamentally affected by closer economic integration, tougher competition, regulatory changes, and new activities, processes and technologies. The impact is particularly strong in large, multinational, companies (MNCs). Most MNCs are experiencing a process of internationalisation on the one hand, and decentralisation on the other, in their industrial relations practice. Internationalisation reflects the integration of national markets, accelerated by Economic and Monetary Union; the growing pace of merger, acquisition and divestment activity; new forms of cross-border business organisation based on product streams rather than national location; the increasingly sophisticated use of international benchmarking and comparisons by management and emergent trade union responses; and the introduction of European Works Councils (EWCs). Decentralisation is a response to the requirements of increased flexibility posed by this changing context, particularly as the activities of firms become more diverse and market conditions change more rapidly.

IRRU’s research project on the ‘Emerging boundaries of European collective bargaining at sector and enterprise level’ has explored this growing cross-border dimension to collective bargaining in a context of continuing decentralisation, particularly from sector to company level, within collective bargaining systems in western Europe. The design of the research is both cross-national and cross-sectoral, focusing on developments in four countries – Belgium, Germany, Italy and the UK – and in two sectors – metalworking and financial services – and in involved intensive field research at sector and (multinational) company levels. At sector level, a comprehensive programme of interviews with senior officials of employers’ organisations and trade unions was undertaken in the two sectors, at EU-level and in the four countries. At company level, case studies have been completed in ten MNCs.

Key findings from the sector- and company-level research include:

- scope for decentralised negotiation at the company level in sector-based systems of multi-employer bargaining is greater than the literature suggests. Increased competition and internationalisation have prompted further evolution of multi-tiered bargaining but, unlike the UK, have not threatened the demise of sector-based arrangements. Evolution of the company relationship to sector arrangements is one of reform rather than revolution;
- banks tend to be more ‘internalised’ than metalworking companies in relation to multi-employer bargaining. Although metalworking agreements contain more formal openings for negotiations at company level, metalworking trade unions are able to exercise tighter control over company-level developments than in banking;

- sector-level bargaining arrangements in Belgium, Italy and Germany are responding in different ways to the challenge represented by the emergence of new business activities. Whereas in Belgium and Italy new activities are brought within the scope of sector-level bargaining, in Germany significant ‘agreement free’ space is appearing – a situation which bears some resemblance to the UK;

- decentralisation pressures within the firm are more a feature of metalworking than financial services, reflecting greater product differentiation, intensity of competition and variable demand in metalworking. Recent banking mergers have reinforced centralisation;

- the social partners in financial services engage in formal social dialogue at EU level, whilst employers in metalworking remain resolutely opposed to any formal dialogue;

- cross-border bargaining information exchange and co-operation amongst trade unions is more evident in metalworking than in financial services, and most developed in the cross-border region embracing Belgium, the Netherlands and Germany. This reflects sector and product market characteristics as well as differences in union ambition and expertise;

- reflecting the impetus behind trade union initiatives, cross-border co-operation between employers associations is evident in metalworking, focussing on information exchange and meetings. In financial services, there is little cross-border pressure from the trade union side hence employers and employers’ organisations have seen less need to respond;

- European level framework agreements and joint texts have been concluded by a small number of EWCs in both sectors;

- international benchmarking of labour costs and performance by management is more important within metalworking companies than banks, though such practices are developing within banks’ back-office operations;

- best practice transfer is hampered by national differences in legal regulation and systems of collective bargaining. Companies therefore promote internationalisation of practice whilst leaving space for variation according to local conditions, developing common policy frames and promoting forms of international exchange which facilitate transfer;

- EWCs have a more active role, and trade unions’ activity in exchanging bargaining information across borders is more systematic, in metalworking companies than in banks, because products and production systems are more highly integrated across borders and international union links are longer established.

Overall, the evolution of the company relationship to sector arrangements, where these remain in place, is one of reform rather than revolution. A crucial difference with the UK is the status of sector agreements in many other EU countries as compulsory codes as well as collective contracts. In this context, leading companies elsewhere in the EU do not appear poised to abandon sector-level bargaining; instead they are pressing for changes which increase the scope for variation at company level. These might go further in banking for reasons to do with industry structure and trade union strength. Yet, increased variation within
sector agreements brings a trade-off between flexibility and coherence for companies. The dilemma is whether increased scope for company variation outweighs the potential costs of exposure to company-specific demands from trade unions.

A European dimension to collective bargaining remains muted in formal terms. It is more a feature in metalworking, where international comparisons of costs and performance and the potential to move production and investment across borders help construct an international context for domestic negotiations. Only where trade unions and works councils are strongly organised within national operations, and where their cross-border networks develop to the point at which they are able to credibly pursue common bargaining aims across European countries, is the cross-border dimension likely to become explicit in the shape of European-level agreements.
Appendix A:
IRRU Staff during 2002

Academic and Research Staff

James Arrowsmith
Ardha Danieli
Linda Dickens
Paul Edwards (Director to September 2002)
Anne-marie Greene
Mark Hall
Sonia Liff
Paul Marginson (Director from October 2002)
Guglielmo Meardi
Helen Newell
Jane Parker (from October 2002)
Valeria Pulignano
Keith Sisson (Emeritus Professor)
Jill Smith (to August 2002)
Michael Terry
Martyn Wright

SKOPE Staff who are Members of IRRU

Ewart Keep
Caroline Lloyd

Clerical and Support Staff

Val Jephcott (IRRU research secretary)

Associate and Visiting Fellows

Mark Carley (European Industrial Relations Observatory)
Trevor Colling (De Montfort University)
Tony Edwards (King’s College, London)
Anthony Ferner (De Montfort University)
Mark Gilman (University of Kent)
Richard Hyman (LSE)
Helen Rainbird (University College, Northampton)
Robert Taylor (ESRC Future of Work Fellow; formerly of Financial Times)
Brian Towers (founding editor, Industrial Relations Journal)
Judy Wajcman (Australian National University)
David Winchester
### Doctoral Students supervised by members of IRRU

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<th>Name</th>
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<tr>
<td>Maurizio Atrzeni</td>
<td>Peter Butler*</td>
<td>Heather Connolly</td>
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<td>Deborah Dean*</td>
<td>Helen Desmond</td>
<td>Godwin Erapi</td>
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<tr>
<td>Enda Hannon*</td>
<td>Aline Hoffmann</td>
<td>Regina Lin</td>
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<tr>
<td>Sandra MacDonald</td>
<td>Torsten Müller</td>
<td>Alexandros Psychogios</td>
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<tr>
<td>Miriam Quintana</td>
<td>Izabela Robinson</td>
<td>Sylvia Rohlfer*</td>
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<tr>
<td>Andrew Sparks</td>
<td>Joseph Vazquez</td>
<td>Peter Wheeler</td>
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* denotes students with Hugh Clegg Research Studentships
Appendix B:
Publications during 2002

Note: This list covers work done within the IRRU programme. In some cases, staff are now at other institutions, but it would be clumsy to indicate this in every case. Names in square brackets are people who are not members of IRRU. A few publications that appeared since the last annual report are also listed, with dates of publication.

Books and Reports

[G. Bonazzi, M. La Rosa] and V. Pulignano (eds.) *La sociologia del lavoro e dell’organizzazione. Lo stato dell’arte in Italia e in Gran Bretagna*, Sociologia del lavoro, Franco Angeli, Milan, 237pp


Journal Articles and Book Chapters


[M Carley] and M Hall, ‘Worker representation’ in P Goulding (ed.) *European employment law and the UK*, Sweet & Maxwell (Release 2, June), 86pp

[M Carley] and M Hall, ‘Worker representation’ in P Goulding (ed.) *European employment law and the UK*, Sweet & Maxwell (Release 3, November), 89pp


P. Edwards, [M. Gilman, M. Ram] and J. Arrowsmith, ‘Public Policy, the Performance of Firms and the “Missing Middle”: the Case of the Employment Regulations, and a Role for Local Business Networks’, *Policy Studies*, 23, 1: 5-20.


G. Meardi ‘The Trojan Horse for the Americanization of Europe? Polish Industrial Relations Toward the EU’ *European Journal of Industrial Relations*, 8: 1, 77-99


G. Meardi ‘Solidarnosc, vista e vissuta a distanza’ in G. Meardi e E. Jogalla (eds.) *Solidarnosc 20 anni dopo. Analisi, testimonianze e eredità*. Soveria Mannelli: Rubbettino, pp. 9-20


V. Pulignano ‘Restructuring of Work and Union Representation. A Developing Framework for Workplace Industrial Relations in Britain and Italy’, *Capital and Class*, 76, pp. 29-64

V. Pulignano ‘Dynamic Forms of Control at Work – A Research Note on Integrated Supply Chain in the Motor Industry in Southern Italy’, *Work, Employment and Society*, 16,1, pp. 185-196


K Sisson and P Marginson ‘Co-ordinated bargaining: a process for our times? British Journal of Industrial Relations, 40: 2, 197-220


**Warwick Papers in Industrial Relations**

K. Sisson ‘The Information and Consultation Directive: “Unnecessary Regulation” or an Opportunity to Promote “Partnership”? Warwick Paper in Industrial Relations, No 67, April, 19pp

Shorter Publications and Working and Discussion Papers


J Arrowsmith and K Sisson, ‘Working time developments and the quality of work’, *EIRObserver* 2’02, i-viii

M Hall, ‘Commission seeks agreement on “socially intelligent” restructuring’, *EIRObserver* 2’02, 4

M Hall, ‘Unions challenge UK’s ‘long hours culture’, *EIRObserver* 2’02, 11

M Hall, ‘Commission to consult on EU-level dispute resolution machinery’, *EIRObserver* 4’02, 2

M Hall, ‘Employment Act 2002 outlined’, *EIRObserver* 6’02, 10-11

M Hall, ‘Final approval given to EU consultation Directive’, *European Works Councils Bulletin* (March/April), 4-6

M Hall, ‘New Commission initiative promotes “socially intelligent” restructuring’, *European Works Councils Bulletin* (March/April), 7-9

M Hall, ‘Social partners reply to European Commission restructuring initiative’, *European Works Councils Bulletin* (May/June), 5-7

M Hall, ‘EWC role envisaged for prospective EU-level conciliation machinery’, *European Works Councils Bulletin* (September/October), 5-6

M Hall, ‘European-level consultation at EDS’, *European Works Councils Bulletin* (September/October), 7-12

M Hall, ‘Debate on UK consultation law gets under way’, *European Works Councils Bulletin* (November/December), 6-8


G. Meardi ‘Extending EWCs eastwards: the case of Poland’ European Works Council Bulletin, No. 40, pp. 16-18

Conference Papers and Presentations

J Arrowsmith, K Sisson and P Marginson ‘All benchmarkers now? Benchmarking and the Europeanisation of industrial relations’ British Universities Industrial Relations Association Conference, Stirling, July


L. Dickens, ‘The experience of arbitration in Britain’, Conference on labour arbitration in Europe organised by the SIMA Foundation (Servicio Interconfederal de Mediacion y Arbitrages), Madrid, June.

L. Dickens, Discussant for two papers at the BJIR conference, Politics and Employment Relations, Windsor, September.


P. Edwards, ‘Industrial Relations Research in the UK: Trends and Prospects’, École de relations industrielles seminar, Université de Montréal, November.

P. Edwards, ‘Researching Multinational Companies and Their Employment Practices’, École de relations industrielles seminar, Université de Montréal, November.

A. M. Greene and [G. Kirton], ‘Towards a collective framework for managing diversity’, Problematizing Diversity’, ESRC Seminar series, Manchester, March

A. M. Greene and [G. Kirton], ‘Trade Unions and Managing Diversity’, European Group of Organisation Studies Colloquium, Barcelona, July


P Marginson, ‘The Transformation of Industrial Relations in France: Commentary’ International Workshop on ‘Continuities and Discontinuities in Industrial Relations’, Institut für Sozialwissenschaftliche Forschung, Munich, January

P Marginson and K Sisson ‘Industrial relations and European integration: a case of convergence and divergence?’ Journal of Common Market Studies’ 40th Anniversary Conference, European University Institute, Florence, April

P Marginson and K Sisson ‘The Industrial Relations Dimension of Europe’s Social Model’ ESRC One Europe or Several? programme conference, University of Sussex, July

G. Meardi ‘Short Circuits between Multinationals’ Plants: The Transfer of European Works Councils to Poland’ Paper for the X Annual International Employment Relations Association Conference, Gold Coast, July.

G. Meardi ‘Class, culture, gender and subject: An ex post analysis of the social movement Solidarity and its legacy’ Paper for the XV World Congress of Sociology, Brisbane, July.


V. Pulignano ‘Industrial Relations as a Field of Study. The case of outsourcing in the Italian Motor Manufacturing Industry’, Italian Sociological Association Conference (AIS-ELO), Cagliari, October.


M. Terry ‘The reinstitutionalisation of British industrial relations?, Colloquium on Continuities and Discontinuities in Industrial Relations, Institut für Sozialwissenschaftliche Forschung, Munich, January


M. Terry ‘Employee representation in the non-union workplace’ Dame Shirley Lerner Annual Memorial Lecture, Manchester Industrial Relations Society, Manchester Metropolitan University, May

M. Wright ‘Global Transformations’, Association of International Business – North East, Salisbury University, MD, USA, September.
In briefs (all written by Mark Hall)

January 2002    UK reaction to agreement on EU employee consultation Directive
                 Government proposes new anti-discrimination laws
                 Union and business leaders call for early decision on UK euro entry

February 2002   More employers recognising unions, reports TUC

March 2002      Directive on temporary agency work could damage flexibility, warn CBI
                 and government

April 2002      Peugeot recruits temporary staff in innovative holiday cover scheme

May 2002        UK union leader to seek ETUC post
                 New challenge to UK’s working time legislation

June 2002       Employers welcome government task group report on impact of
                 employment regulation

July 2002       British and Italian employers criticise EU social policy
                 New chair and terms of reference for Low Pay Commission

August 2002     Government issues discussion paper on employee involvement
                 Local government workers strike over pay

September 2002  TUC calls for improved holiday rights
                 Local authority employers and unions recommend two-year pay deal

October 2002    TUC sets out key objectives for UK consultation law
                 CBI survey highlights company practice on key employment issues

November 2002   Unions seek wide-ranging employment law reforms

December 2002   CBI renews attack on draft temporary agency workers Directive
                 Government consults on extension to Working Time Regulations
                 Firefighters’ strike called off

Features

January 2002    M Hall, ‘2001 annual review for the UK’
                 J Arrowsmith, ‘Railways hit by strikes over pay’
                 J Arrowsmith, ‘Government consults over legislation to combat age
                 discrimination’
                 L Dickens, ‘Union recognition under new statutory procedure examined’
                 D Winchester, ‘Government accepts recommendations of NHS pay review bodies’
M Hall, ‘Commission seeks agreement on “socially intelligent” restructuring’*

February 2002
M Hall, ‘Unions challenge the UK’s long hours culture’

March 2002
D Winchester, ‘Teachers awarded above-inflation pay increases’
T Edwards, ‘Restructuring and job cuts in the telecoms sector’
J Payne, ‘Conference debates union renewal and links with Labour’

April 2002
G Kirton, ‘Union strategies for tackling race inequality’
M Hall, ‘Final approval given to consultation Directive’*

May 2002
J Arrowsmith, ‘Partnership “alive and well”’
J Batchelor, ‘Signs of growth in UK automotive industry offset plant closures’

June 2002
M Hall, ‘Social partner involvement in the 2002 NAP’
M Hall, ‘Commission to consult on EU-level dispute resolution machinery’*

July 2002
G Kirton, ‘Educating tomorrow’s trade union activists’

August 2002
A McBride, ‘Human resource management in the National Health Service’

September 2002
P Edwards, ‘Impact of collective bargaining on workplace performance assessed’

October 2002
M Hall, ‘Employment Act 2002 outlined’
J Arrowsmith, ‘National fire service strikes loom’
J Payne, ‘Government seeks to expand and revitalise modern apprenticeships’

November 2002
J Payne, ‘New sectoral framework for meeting skills and productivity challenge’
J Arrowsmith, ‘Employers and unions differ over revisions to national minimum wage’
D Winchester, ‘The fire service dispute and the reform of public service pay’

December 2002
G Kirton, ‘Unions demand “zero tolerance” of workplace violence’
M Hall, ‘Unions seek more influence for EWCs’*

* EU-level features submitted on behalf of Industrial Relations Services, EIRO’s EU-level centre.

UK contributions to comparative studies and annual updates
January 2002
Pay developments: J Arrowsmith
Working time developments: J Arrowsmith
Labour costs: J Arrowsmith
February 2002  ‘Economically dependent workers’, employment law and industrial 
relations: A Greene

April 2002  Gender issues - part-time work, permanent/non-permanent work: A 
McBride

May 2002  Low wage workers and the ‘working poor’: C Lloyd

July 2002  Corporate governance systems and the nature of industrial restructuring: T 
Edwards

September 2002  Collective bargaining - coverage of agreements and extension procedures: 
P Marginson

November 2002  Overtime - legal status and functioning: J Arrowsmith

December 2002  Migration and industrial relations: D Winchester

Forthcoming Publications

J. Arrowsmith, [M. Gilman], P. Edwards and [M. Ram], ‘The Impact of the National 
Minimum Wage on Small Firms’, British Journal of Industrial Relations.

[J. Bélanger], P. Edwards and M. Wright, ‘Commitment at Work and Independence from 

[W Brown], P Marginson and [J Walsh], ‘The Management of Pay as the Influence of 
Collective Bargaining Diminishes’ P Edwards (ed) Industrial Relations: Theory and 
Practice Oxford: Blackwell, 189-213

L Dickens and M Hall, ‘Labour Law and Industrial Relations: a New Settlement?’ P Edwards 

2003), 538 pp.

P. Edwards ‘The Employment Relationship and the Field of Industrial Relations’ P Edwards 

P Edwards ‘Concluding Comments’ P Edwards (ed), Industrial relations: Theory and 
Practice, Oxford: Blackwell, 513-22


P. Edwards, ‘The Heritage of Alan Fox’s History and Heritage’, Historical Studies in 
Industrial Relations.

P. Edwards, ‘The Continuing Role of an “Industrial Relations” Perspective on Employment’, 
in Ackers and Wilkinson (eds), Reworking Industrial Relations: New Perspectives on 
Employment and Society.


A. M. Greene, Space for Gender Action: Transport, Technology and Electronic Activism, Ashgate: Aldershot


P Marginson, K Sisson and J Arrowsmith ‘Between decentralisation and Europeanisation: sector-level bargaining in four countries and two sectors’ European Journal of Industrial Relations, 9, 2


J.Parker ‘We're on a road to somewhere: Women's groups in Unions’, Industrial Relations Journal, 34, 2.

V. Pulignano ‘Union Struggle and the Crisis of Industrial Relations in Italy’, Capital & Class, 79


M. Terry ‘Can Partnership Reverse the Decline of British Trade Unions?’ Work, Employment and Society

M. Terry ‘Partnership and the Future of Trade Unions in the UK’ Economic and Industrial Democracy, 24, 3.
M. Terry and J. Smith ‘Evaluation of the Partnership Fund of the Department of Trade and Industry: a research report’ accepted December 2002 for publication by DTI 2003 (approx. 60000 words)
Appendix C:
Research Funding

New, ongoing and completed grants during 2002

Economic and Social Research Council (Paul Marginson and Keith Sisson) ‘Emerging Boundaries of European Collective Bargaining’ £143,700 1/1/00 – 30/9/02

European Foundation for the Improvement of Living and Working Conditions (Mark Hall) for UK national centre of European Industrial Relations Observatory £54,072 1/10/01 – 31/12/02 (ie 12 mths plus 3 mths extension contract)

European Foundation for the Improvement of Living and Working Conditions (Mike Terry) for European Employment and Industrial Relations Glossaries £121,265 1/11/98-15/6/02

Department of Trade and Industry (Paul Edwards [and Monder Ram]) ‘Small Firms and Employment Legislation’ £48,697 6/7/01-1/6/02

Department of Trade and Industry (Mike Terry) ‘Evaluation of the Partnership Fund’ £61,611 20/8/01-30/6/02


University Research and Teaching Development Fund (Valeria Pulignano) ‘Workers representation rights in the context of transnational capital’ £2,270 1/7/02 – 30/6/03

Gift Aid donation from Warwick Industrial Relations Ltd (see Appendix D) £27,000 31/3/02
New grants commencing in 2003

<table>
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<tr>
<th>Organisation/Project</th>
<th>Amount</th>
<th>Duration</th>
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<tr>
<td>European Foundation for the Improvement of Living and Working Conditions (Mark Hall): continue as UK national centre of European Industrial Relations Observatory</td>
<td>€60,750</td>
<td>1/1/03 – 31/12/03</td>
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<tr>
<td>ESRC (Guglielmo Meardi and Paul Marginson) ‘Employment practices in German and US companies in Central Europe’</td>
<td>£82,528</td>
<td>1/7/03 – 30/06/05</td>
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Appendix D

WARWICK INDUSTRIAL RELATIONS LIMITED

IRRU established Warwick Industrial Relations Ltd (WIRL) in 1994. The company is recognised and approved by the university authorities. Under its memorandum of association, the WIRL’s objects are:

- to enable the members of the company to become involved in legally-contracted joint ventures which promote the reputation and research activities of IRRU;
- to provide a framework for organising and developing the contract research undertaken by members of the company; and
- to generate resources to help finance the research activities of IRRU, while providing members of the company with opportunities to improve their earnings.

WIRL currently owns a 50% share of European Works Councils Bulletin and a 25% share of European Journal of Industrial Relations, and receives royalties from these sources as well as from the specialist report series published jointly with Industrial Relations Services. Where appropriate, the financial arrangements for IRRU members’ participation in contract research projects are handled via the company. During 2002, IRRU members’ involvement in the European Foundation project on European Works Councils, referred to in the main body of the report, was organised on this basis.

Each financial year WIRL’s end-of-year surplus is donated under the Gift Aid scheme to the University of Warwick Foundation to support research within IRRU. To date, this support has taken two forms. The Hugh Clegg Memorial Fund is earmarked for supporting the Hugh Clegg PhD studentships advertised by IRRU each year. The IRRU Research Fund supports IRRU’s research activities more generally. At the end of March 2002, WIRL’s annual Gift Aid donation amounted to £27,000.