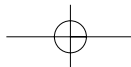
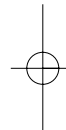
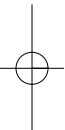
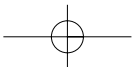
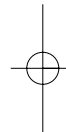
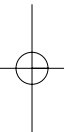
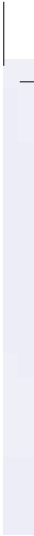
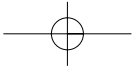
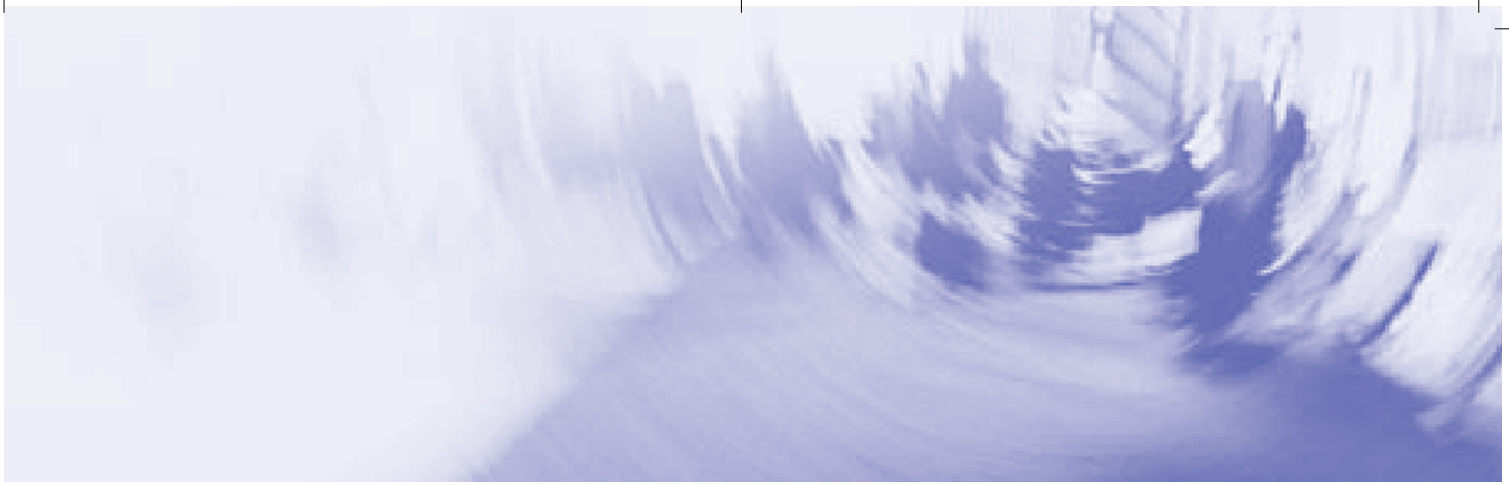
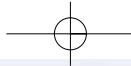


# Understanding Employment Relations

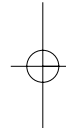
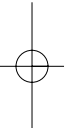






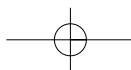
# Understanding Employment Relations

Derek Rollinson and  
Tony Dundon



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*Understanding Employment Relations*  
Derek Rollinson and Tony Dundon  
ISBN-13 978 0077114862  
ISBN-10 0-07-711486-8

**Mc  
Graw  
Hill** **McGraw-Hill  
Higher Education**

Published by McGraw-Hill Education  
Shoppenhangers Road  
Maidenhead  
Berkshire  
SL6 2QL  
Telephone: 44 (0) 1628 502 500  
Fax: 44 (0) 1628 770 224  
Website: [www.mcgraw-hill.co.uk](http://www.mcgraw-hill.co.uk)

**British Library Cataloguing in Publication Data**

A catalogue record for this book is available from the British Library

**Library of Congress Cataloging in Publication Data**

The Library of Congress data for this book has been applied for from the Library of Congress

Commissioning Editor: Rachel Gear  
Editorial Assistant: Karen Harlow  
Marketing Manager: Alice Duijser  
Production Editor: James Bishop

Text design by Hard Lines  
Cover design by Paul Fielding Ltd.  
Typeset by Wearset Ltd, Boldon, Tyne and Wear  
Printed and bound in Spain by Mateu Cromo Artes Graficas SA, Madrid

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ISBN-13 978 0077114862  
ISBN-10 0-07-711486-8

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## Dedication

To my wife Victoria, whose tolerance and help enabled this book to be written, and my daughter Sara, who kept my feet on the floor.

*Derek Rollinson*

To my wife Diane, and children Liam and Kate, who have offered so much support and encouragement during the writing of this book.

*Tony Dundon*

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# Preface

## About this book

This book deals with employment relations in Great Britain. It has been written to make it suitable for students and lecturers of employment relations, personnel management and human resource management, and in particular, for students with no prior exposure to this subject. However, it also gives access to some of the more advanced knowledge in the area, which makes it of use to those who wish to commence studying the subject at a higher level. More specifically, the book is directed at final year undergraduate and postgraduate students taking these subjects as part of a first degree, diploma or masters degree. The book has also been written for use on programmes that are recognised as meeting the professional standards for employee relations as set out by the Chartered Institute of Personnel and Development (CIPD). An essential part of these professional standards is for students to acquire a range of skills and competences in the area, and there are several components of the book that facilitate this. These are:

- *integration chapters*, which explain the connections between processes and themes
- dedicated *skills-based chapters*, such as Chapter 6, which covers discipline and grievance handling skills, and Chapter 10, which covers negotiating skills
- *pause for reflection exercises*
- *case studies*
- *margin notes*
- *review and discussion questions.*

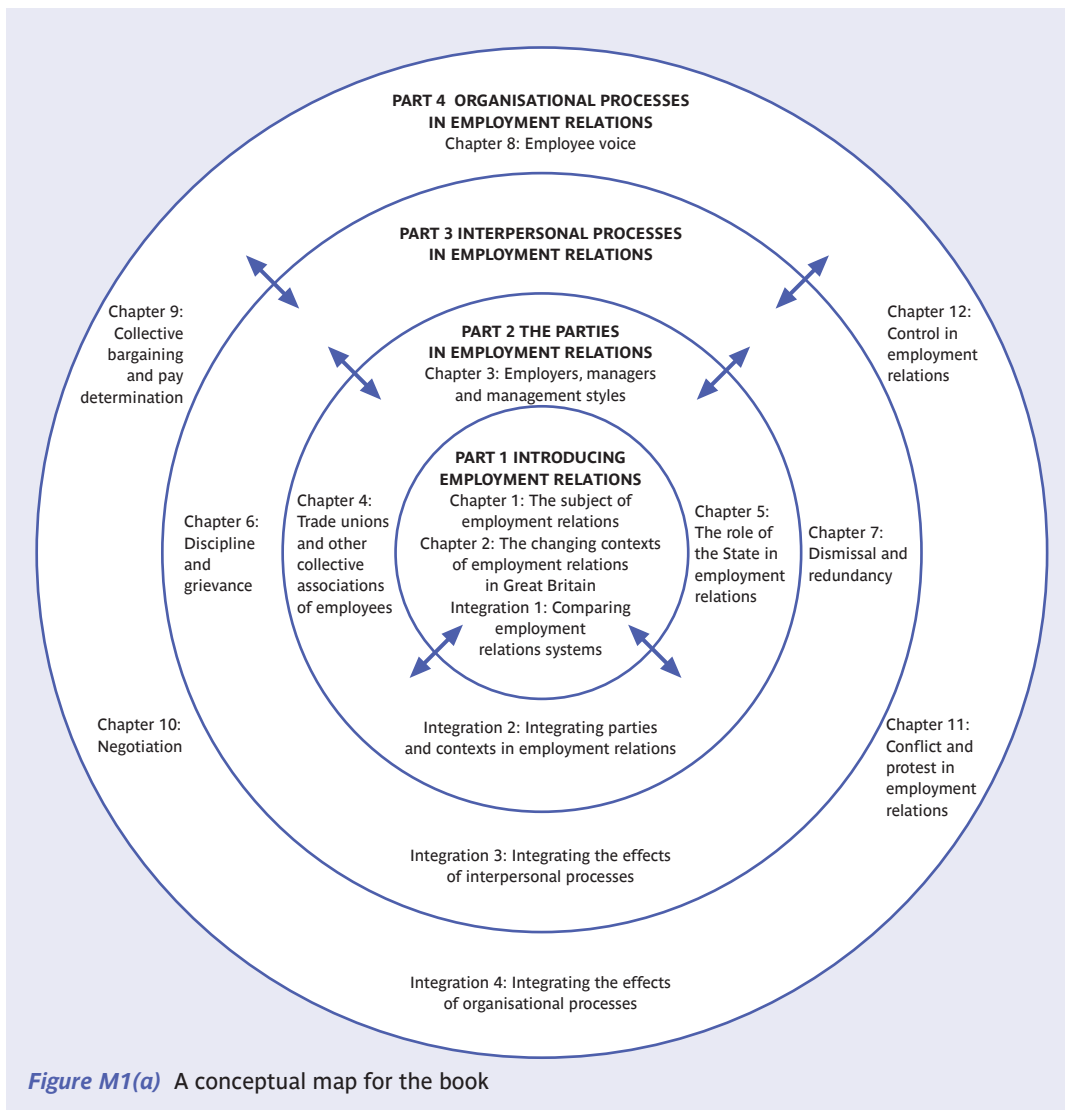
In addition, an online learning centre accompanies the book ([www.mcgraw-hill.co.uk/textbooks/rollinson](http://www.mcgraw-hill.co.uk/textbooks/rollinson)), containing extra resources for both lecturers and students. These include additional teaching materials, assignments and skills exercises. The way that the book provides coverage of CIPD's professional standards is summarised in Table M1.

Not so very long ago this book would have used the expression 'Industrial Relations', rather than 'Employment Relations' in its title. Indeed, as you will see when you read Chapter 1 of the book, industrial relations is a subject area from which employment relations traces its origins. However, without going into matters in great detail at this stage, industrial relations and employment relations have analytical and conceptual differences in terms of their underlying philosophies and assumptions. Industrial relations is almost exclusively focused on the ways that rules and regulations in employment are made and modified, often by placing heavy emphasis on the role of collective bargaining as a central process in managing workplace conflict. This means that industrial relations has a strong tendency to restrict itself to considering only large, unionised settings, and there are very few industrial relations texts that consider small firms or the non-union setting. While employment relations also addresses the nature of conflict in employment, it is much more eclectic in its approach. For example, it considers informal as well as formal workplace relations; it embraces the social, economic and psychological dynamics of workplace relations, and includes processes and outcomes in both small and large, union and non-union organisations. It also recognises that as well as having opposing

Employee relations management in context	The parties in employee relations	Employee relations processes	Outcomes	Employee relations skills
<b>Understanding employment relations</b>				
(1.1) Chapters 1 and 2 (1.2) Chapter 2	(2.1) Chapter 3 (2.2) Chapters 4 and 8	(3.1) Chapter 8 (3.2) Chapter 5	(4.1) Chapters 6–12 (4.2) Integrations 2, 3 and 4	(5.1) Chapter 10 (5.2) Chapter 9
(1.3) Chapters 2 and 5 (1.4) Chapter 5 and Integration 1 (1.5) Chapter 5	(2.3) Chapter 5	(3.3) Chapter 3 (3.4) Chapter 9 (3.5) Chapter 11 (3.6) Chapter 5		(5.3) Chapter 6 (5.4) Chapter 6 (5.5) Chapter 7 (5.6) Chapters 8 and 10
<p>Note</p> <p>Numbers in parentheses and italics refer to the CIPD indicative content topics.</p>				
<p><b>Table M1</b> CIPD professional standards for employee relations</p> <p>Source: adapted from: CIPD Professional Standards for Employee Relations, www.cipd.co.uk (April 2006).</p>				

interests, the parties usually have interests in common; otherwise they would have no incentive for the relationship to continue. Employment relations also has an abiding interest in many of the changes that have occurred in the past two decades, some of which have had a strong influence on the ways that employment relationships are made and modified. For example, the globalisation of trade has resulted in a more unstable and volatile environment in which firms have to operate, which in turn means that firms themselves have to change more frequently. There has also been a vast increase in the amount of legislation affecting employment, which gives an additional reason for firms to make internal adjustments. Moreover, the structure of industry itself has changed in significant ways, as has the nature and composition of the labour market in Great Britain. Perhaps most important of all, working people could well have different aspirations in terms of the rewards and obligations they expect from paid employment. Therefore, employment relations also gives consideration to implicit and informal contracts – for example, to the psychological contract and whether this is satisfied for employees, or alternatively violated in some way because of changes in contextual factors or employer actions. It is for these reasons that the term ‘employment relations’ has eclipsed ‘industrial relations’. Indeed, the title of the well-respected Workplace Industrial Relations Survey, now in its fourth cycle, has been changed to Workplace Employment Relations Survey. The study of employment relations therefore requires that we acknowledge the complex and dynamic nature of the relationship between employers and employees. It also requires that we recognise that there are both formal and informal aspects of the relationship, and that, as well as having tangible physical and economic dimensions, the relationship also has psychological and social dimensions, which are equally important in small and large firms, and in unionised and non-unionised settings.

## Using the book



## The structure of the book

The above diagram, which indicates the contents of the book, has two main uses. As can be seen, while the book is divided into four main parts, it is important to note that straddling the boundaries of each part there are a pair of double-headed arrows. These reflect the idea that the issues or topics covered in different chapters are all interconnected in some way. Thus the first use for the diagram is to emphasise that the reality of employment relations is often highly complex and varied.

The second use for the diagram, which is somewhat simpler, is as a navigational aid to help the reader steer him or herself through the book. For this reason it will reappear in a slightly modified form in the short introductions that precede the four parts into which the book is divided. Each of these parts deals with topics that are focused on a particular facet of employment relations, and are briefly described in what follows.

### ***Part 1 Introducing employment relations***

This section contains two chapters that are introductory in nature. The first gives a general introduction to the subject of employment relations, and this is based on the assumption that the reader has no prior exposure to the subject. The second chapter deals with effects of the surrounding environment on employment relations, and explains how the changes in the surrounding contexts have influenced the nature of British employment relations. These two chapters are followed by the first of the four integrative chapters in the book. This extends the discussion given in Chapter 2, by demonstrating how the characteristics of employment relations in three additional countries reflect the influence of certain inbuilt features, such as national cultures, laws and economic conditions.

### ***Part 2 The parties in employment relations***

This section contains three chapters, each of which is focused on one of the main parties in employment relations. These are: employers and managers and management styles (Chapter 3); trade unions and employee associations (Chapter 4); and the State (Chapter 5). At its end, the section has a short integrative chapter (Integration 2), which traces some of the ways in which the actions of these parties are interconnected and influenced by wider environmental factors. It also shows that the behaviour of any two of these parties can have an impact on the behaviour of the third.

### ***Part 3 Interpersonal processes in employment relations***

The two chapters in this section both deal with what could most conveniently be described as interpersonal process. These are: discipline and grievance (Chapter 6); and dismissal and redundancy (Chapter 7). They are followed by an integrative chapter (Integration 3) that traces links between the ways in which the conduct of these processes can affect the employment relations climate in a firm. It also draws attention to the idea that the way in which any of these processes is conducted is strongly connected to other processes and outcomes in employment relations.

### ***Part 4 Organisational processes in employment relations***

The chapters in this section deal with five important organisational level processes: employee voice (Chapter 8); collective bargaining and pay determination (Chapter 9); negotiation (Chapter 10); conflict and protest behaviour (Chapter 11); and control in employment relations (Chapter 12). These are followed by the fourth integrative chapter (Integration 4), which explains how the processes are interconnected; how conduct of these processes can have an impact on the employment relations climate of an organisation; and also how the ways in which they are conducted can impact on other processes and outcomes.

## **How to use the book**

### ***General***

There is considerable variation between lecturers in terms of what they consider to be the necessary minimum coverage for a particular topic. They also differ in terms of the amount of time they have available for instruction. However, in the interests of providing a text that can be used by the widest possible number of lecturers, this book has purposely been made comprehensive in terms of the number of theories and concepts covered in each chapter. Indeed, some chapters will contain far more information than a lecturer wishes to use. For this reason chapters have been written in a way that allows (if necessary) some of the material to be omitted. Therefore,

lecturers should not hesitate to be selective about the concepts and theories they use from each chapter.

For the most part chapters in the book deal with separate topics, and each one has a clear set of learning outcomes that can be met by covering its contents. Therefore, providing the general structure of the book is followed, it is not vital to use the chapters in the order in which they appear. The material reflects teaching styles that have now become more common in higher education in Great Britain. It is also cognisant of the professional standards required by CIPD, which place an emphasis on *learning* and *applying knowledge* to real-world situations. Both of these mean that there is now less emphasis on formal, in-class instruction, and students are required to take increased responsibility for aspects of their own learning outside the classroom. For this reason periods of instruction often have a stronger focus on checking that learning has taken place, and applying the skills and concepts through exercises and/or case studies. To facilitate this, the book has been written as a complete vehicle of instruction in its own right, rather than just background reading. Each chapter contains a full explanation of the concepts and theories it contains, together with associated exercises and/or case studies that can be used to apply the material. There are two main reasons for doing this. First, to produce a text in which students and instructors have confidence. Second, the aim has been to *eliminate the need for an additional workbook to support the text*. This latter point reflects the difficulty of persuading students to buy *any* book, let alone an additional one, at a time when their income has been progressively reduced by cutbacks in funding.

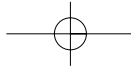
### **Activities featured in the text**

A set of **Learning Outcomes** is given at the start of each chapter, and these tell the reader what he or she should be able to understand or accomplish, after covering the chapter's contents. To some extent, these can also be used by students to measure their own progress.

A small number of **Pause for Reflection** exercises are included in each chapter. These are very short exercises that confront the reader with questions that encourage the application of concepts and theories covered in the text, but in a way that prompts the person to draw on his or her own learning and experiences. While these are primarily designed to be an aid to learning, which allows students to complete exercises outside the classroom, they can, if required, be used for classroom discussion. The text also provides **Margin Notes**, which define new concepts as they are introduced, and these are also brought together at the end of the book in a **Glossary**.

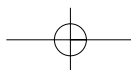
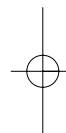
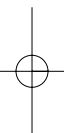
From Chapter 3 onwards each chapter contains a number of short **Case Studies**, which give students the opportunity to apply a single concept or theory. In addition, the online learning centre contains supplementary cases, which bring together several concepts or theories. Most cases are drawn from real-life situations, some from the authors' own experiences of encountering these conditions within an organisational context, when collecting research data. Others were reported to the authors by students or colleagues and were subsequently written up into cases. Although primarily intended for in-class use, the longer cases can also be used as material around which assignments or examination questions can be based.

**Exhibit boxes** will also be found in most chapters. These are not case studies in the accepted meaning of the expression, although they can be used to illustrate a point or to stimulate discussion in applying skills and knowledge. They are real-world examples of the application of concepts or theories covered in the text, and sometimes they supplement a point already made in the chapter. Their main use is to emphasise the idea that theories and concepts in employment relations are not abstract pieces of knowledge constructed for the amusement of academics, but things that find real-world applications in organisations.



**Summary Points** will also be found at the end of each major section of a chapter. Each one consists of a list of bulleted points that re-emphasise concepts, theories, ideas and themes contained in the section.

At the end of each chapter there is a block of **Review and Discussion Questions**. These can be used for a final review of its contents, or to re-emphasise its major points. They can also be used for separate tutorials, or as a check on learning. Finally, for those who may wish to delve deeper into a particular topic or issue, each chapter also contains a short list of **Further Reading** at its end.



# List of abbreviations

ACAS	Advisory, Conciliation and Arbitration Service
ACOP	Approved Code of Practice
AEEU	Amalgamated Engineering and Electrical Union
AEU	Amalgamated Engineering Union
AFL-CIO	American Federation of Labor – Congress of Industrial Organisations
ASE	Amalgamated Society of Engineers
BA	British Airways
BDA	British Dental Association
BMA	British Medical Association
BPR	Business Process Re-engineering
BT	British Telecom
CAB	Citizens Advice Bureau
CAC	Central Arbitration Committee
CBI	Confederation of British Industry
CCT	Compulsory Competitive Tendering
CEHR	Commission for Equality and Human Rights
CIPD	Chartered Institute of Personnel and Development
CMI	Chartered Management Institute
CPSA	Civil and Public Servants Association
CRE	Commission for Racial Equality
CWU	Communication Workers Union
DRC	Disability Rights Commissioner
DTI	Department of Trade and Industry
EAT	Employment Appeals Tribunal
ECC	European Consultative Council
EEF	Engineering Employers Federation
EIRO	European Industrial Relations Observatory
EOC	Equal Opportunities Commission
ESOP	Employee Share Ownership Plan
ETUC	European Trades Union Confederation
ETUI-REHS	European Trade Union Institute for Research, Education and Health and Safety
EU	European Union
EWC	European Works Council
FDR	Federal Republic of Germany
GCHQ	Government Communications Headquarters
GDR	German Democratic Republic
GMB	General, Municipal and Boilermakers Union (now just called the GMB Union)
GPMU	Graphical, Paper and Media Union
HPWS	High Performance Work Systems
HRIS	Human Resource Information Systems
HRM	Human Resource Management
HSC	Health and Safety Commission
HSE	Health and Safety Executive



IBM	International Business Machines
ICE	Information and Consultation of Employees Regulations, 2004
ICI	Imperial Chemical Industries
ICT	Information and Communication Technology
ILO	International Labour Organisation
IPA	Involvement and Participation Association
IPRP	Individual Performance Related Pay
IRS	Industrial Relations Services
JIT	Just In Time Management
JSSC	Joint Shop Steward Committee
JWC	Joint Works Council
LPC	Low Pay Commission
LSC	Learning and Skills Council
MBO	Management By Objectives
MSF	Manufacturing, Science and Finance Union
NASUWT	National Association of Schoolmasters and Union of Women Teachers
NFU	National Farmers Union
NHS	National Health Service
NLRB	National Labour Relations Board
NMW	National Minimum Wage
NUT	National Union of Teachers
PBR	Payment By Results
PCSU	Public and Commercial Services Union
PFI	Private Finance Initiative
POEU	Post Office Engineering Union
PRB	Pay Review Body
PRP	Profit Related Pay
QWL	Quality of Working Life
RCN	Royal College of Nursing
RSA	Royal Society for the Encouragement of Arts, Manufactures and Commerce
SAYE	Save As You Earn
SCoR	Society and College of Radiographers
SME	Small to Medium Sized Enterprise
SNB	Special Negotiating Body
TEC	Training and Enterprise Council
TGWU	Transport and General Workers Union
TINA LEA	This Is Not A Legally Enforceable Agreement
TUC	Trades Union Congress
TULRCA	Trade Union and Labour Relations (Consolidation) Act, 1992
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
UCW	Union of Communication Workers
ULR	Union Learning Representatives
UNICE	Union of Industrial and Employers' Confederations of Europe
UNISON	The public service union
USA	United States of America
USDAW	Union of Shop, Distributive and Allied Workers
WERS	Workplace Employment Relations Survey

# Guided tour

## LEARNING OUTCOMES

After studying this chapter you should be able to:

- ✓ define employment relations
- ✓ explain some of the difficulties in conceptualising employment relations
- ✓ describe the three generic approaches that have transformed the essential nature of employment relationships
- ✓ explain the origins of these approaches
- ✓ state the associated strengths and weaknesses of each approach

## Introduction

This chapter has two main purposes: first, to introduce the field of study and, second, to outline the origins of the subject. 'Employment relations' is relatively new and is often used in an explaining some of the difficulties associated with defining this is followed by a definition of how the term is used in

## Learning outcomes

Each chapter opens with a set of learning outcomes, summarising what students should learn from each chapter.

## Pause for reflection boxes

Throughout the book these quick activities ask students to consider their own ideas on the topics presented.

### employers and managers

The roles and techniques used to manage employees in a firm.

### employment relations climate

A particular ethos or atmosphere that exists within an organisation at a given point in time, which is reflected in the way its members perceive, experience and react to the organisational context.

and react to the surrounding organisation (Rolling climate is really made up of a series of sub-climates that managers perceive each other, express their needs and relations issues. Climate

### organisational culture

A system of shared beliefs and deep-seated values, which are a prescription for the ways in which people behave.

However, culture provides people with a code of conduct expected (i.e. whether certain behaviours are right or tends to be more deeply ingrained than climate, which reflection of whether current organisational conditions values that people hold.

All these factors within firms are, in turn, affected by texts, which are explained next.

trade union or association strong or weak. The terms denote the general character of the owners of firms view their roles asocratic or paternalistic, used to describe a particular relationship within an organisation affects the way that people

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## Margin notes

Key terms are highlighted throughout the chapter and definitions provided in the margin so they can be found quickly and easily.

readily available means of doing this is to simplify and decentralise the efficiency of labour and lowers its unit costs, but also the employer seeks to do, and for this reason they have employer's designs, all of which gives a considerable potential

### Pause for reflection

Compare and contrast the implications of studying employment relations. Hold either a unitarist, pluralist or radical frame of reference. How do employees and employer would you hope to see in a firm? What and employee behaviour would be most likely to attract your attention?

Another problem with industrial relations is that while cooperation exist side-by-side in virtually all organisations pride of place. Thus, it runs the risk of focusing primarily on conflict resolution, while regarding other matters in the of secondary importance. It is perhaps for this reason that to have been eclipsed by the expression 'employment relations' a wide variety of relationships are possible, some of which are others. In this vein, Edwards (1995) comments that it is often acknowledged that there is considerably more to the subject than redefining the relationship between employer and employee.

“ the ways in which employees are rewarded, motivated together with the influence on these processes of the

### Case study 3.2: motivation and job design

An example of an experiment in the use of job enrichment took place several years ago in a large manufacturing firm. The representatives, who, although having a high degree of job satisfaction, were the way they operated. The company was carrying out a number of time, and despite the company's products being fully competitive over those for previous years, so the representatives were seen a work conditions. The changes were generated by managers above representatives, and were introduced gradually.

In the changed situation sales representatives were allowed at their own discretion, instead of writing a report on every call to determine calling frequencies, how to deal with defective of the technical service department, and if they were satisfied it was position, to settle customer complaints by payments of up to £100 cent discretion on the prices of most of the products sold.

As a matter of deliberate policy, and to avoid any artificial effects were under observation, representatives whose jobs were enriched were part of an experiment. For comparison a control group changes and also kept in ignorance of its role in the experiment. What do you feel would be the likely results of these changes?

management some capability to influence the behaviour of employees such as job rotation or enlargement can be used to remove a single repetitive task. Similarly, jobs can be enriched schemes to give a measure of autonomy and satisfaction.

## Summary point boxes

These briefly review and reinforce the main topics students have just covered to ensure they have acquired a solid understanding of the key concepts.

The statement should cover the following:

- 1 The identities of the employer and employee.
- 2 Date of commencement of employment, and whether any previous as continuous.
- 3 The job title, nature of work (but not necessarily a full job description with an indication of whether there could be a requirement to work overtime).
- 4 The rate of remuneration (including overtime rates) or methods by which it is calculated.
- 5 Whether paid weekly, monthly, or at some other interval.
- 6 Hours of work and normal working hours.
- 7 Holidays, rights to holidays, and pay on termination.
- 8 Provision for sickness and injury and entitlements to pay.
- 9 Pensions rights.
- 10 Entitlement to receive notice of termination of employment and any other benefits.
- 11 Disciplinary rules that apply.
- 12 The person to whom application can be made of a dissatisfaction and the procedure to be followed on any such application.
- 14 Whether a contracting-out certificate is in force under Social Security legislation.
- 15 If the contract is for a fixed period, the date of its expiry.
- 16 Any terms of collective agreements that affect work conditions.

The intention of legislation is that the document should reduce the need for a contract, nor is it conclusive proof of all of its terms. It is not in itself a contract, nor is it conclusive proof of all of its terms. The document should spell out in explicit detail all the information required that the document spell out in explicit detail all the information to other documents which contain the details, and to which access can be obtained.

**Exhibit 1.1** Written particulars of terms and conditions of employment

controversial is the fact that the sole author of the rules is involved in the process of their formulation.

## Exhibit boxes

These real world examples illustrate points and stimulate discussion of main topics.

### Summary points

- The social exchange perspective argues that the employment relationship is more than a simple economic or legal exchange.
- Five shared features of the social exchange situation characterise employment relationships. These are: the exchange of evaluations of fairness; unvoiced expectations and obligations; unequal power of the parties.
- These features are largely responsible for the prevalence of the social exchange perspective in the employment relationship.
- A recent expression of social exchange as applied to the employment relationship is the psychological contract.

### An overview and integration of the three perspectives

As noted earlier, none of the three perspectives given above are all different frames of reference that can be used to view the employment relationship. For reason, they should not be regarded as competing viewpoints. For ease of comparison in what follows, their major focus areas are identified where, because it is now an important conceptualisation in its own right.

An obvious conclusion that can be drawn from this comparison of the complexity of the employment relationship is that the three perspectives, and this can be illustrated by considering

## Figures and tables

Each chapter provides a number of figures and tables to illustrate and summarise ideas.

### Review and discussion questions

- 1 Describe each of the four environments of employment relations.
- 2 In your own words briefly explain why the processes of employment relations differ in different environments.
- 3 In what way does European social policy influence employment relations processes and outcomes?
- 4 Briefly describe how the changing processes of employment relations differ in different environments.
- 5 Explain key differences between national employment relations systems.
- 6 Given that flexibility is something of a buzzword, might there be for employees with flexible employment relations processes and outcomes?
- 7 What is meant by blurred organisation boundaries for employment relations processes and outcomes?
- 8 How does the current political and legal environment differ from that of 10 or 15 years ago?
- 9 Briefly define the terms 'union substitution' and 'union substitution'.
- 10 Explain how technology has changed employment relations processes and outcomes.

## Review and discussion questions

These end-of-chapter questions encourage students to review and apply the knowledge they have acquired from that chapter.

### Further reading

Baldry, C. (2003) 'Employment relations in the 21st century', *Employment Relations, Law and Practice*, 4th edn, B. Toyne (ed.), London: Routledge.

Bryson, A. and R. Gomez (2005) 'Why Have We Lost Union Membership in Britain?', *British Journal of Industrial Relations*, 43(1), 1-15.

Dundon, T. and A. Wilkinson (2003) 'Employment Relations, Law and Practice', 4th edn, chapter devoted specifically to employment relations in Britain.

Ewing, K. (2003) 'Industrial relations and the law', *Industrial Relations in Transition*, P. Ackers and J. Forth (eds), London: Routledge.

Forth, J., H. Bewley and A. Bryson (2006) *Small Business Employment Relations Survey 2004*. Workplace Employment Relations Survey 2004. Similar to the 'first findings' box.

## Further reading

This annotated list acts as a useful resource for students who wish to increase their knowledge of a particular topic.

# Technology to enhance learning and teaching



## Online Learning Centre (OLC)

After completing each chapter, log on to the supporting Online Learning Centre website. Take advantage of the study tools offered to reinforce the material you have read in the text, and to develop your knowledge in a fun and effective way. These resources are designed to make your learning easier and to act as a useful revision tool for exams and tests – we hope you find them useful!

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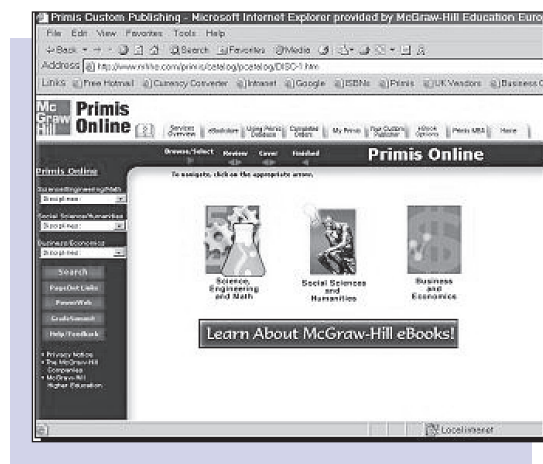
- *Chapter outlines*
- *Assessment materials*
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- *Additional questions*
- *Teaching notes*

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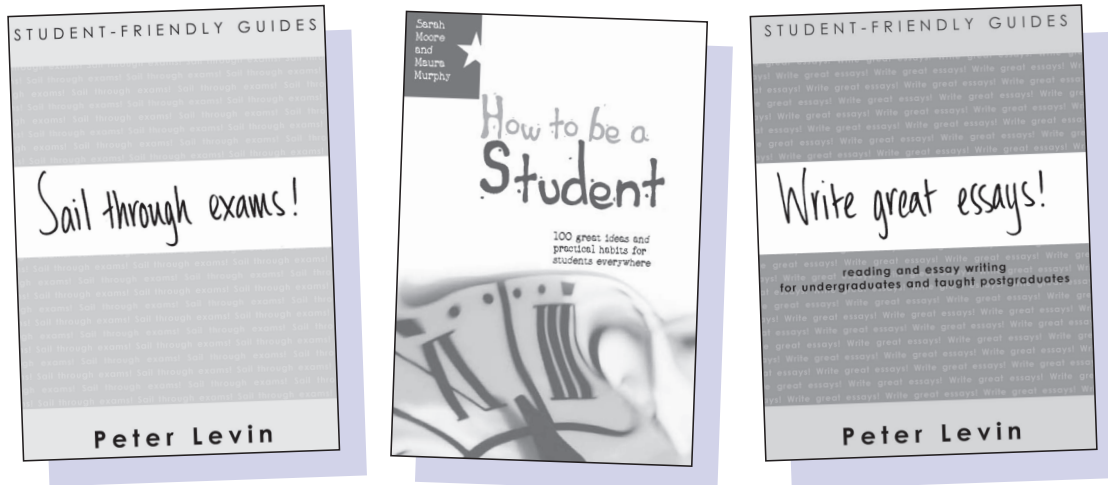
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# Acknowledgements

## Authors' acknowledgements

We are grateful to The Department of Trade and Industry for permission to use Figure 4.1, H. Grainger and H. Holt, from *Trade Union Membership 2004, Employment Market Analysis and Research*, April 2005.

In addition, we would like to extend our grateful thanks to the following, who have helped in the completion of this book: Wally Russell, European Employee Relations Manager, Hewlett Packard, who provided details of Hewlett Packard's information and consultation forum; Alan Roe, Amicus officer, who provided details of partnership and collective bargaining agreements; and John Forth, WERS 2004 Information and Advice Service, for timely details and help with the interpretation of WERS data.

## Publisher's acknowledgements

Our thanks go to the following reviewers for their comments at various stages in the text's development:

Richard Beresford – Oxford Brookes University  
Bob Mason – University of Ulster  
Peter Prowse – University of Bradford  
Brian Critchley – London Metropolitan University  
Jereme Snook – Nottingham Trent University  
Geoffrey Wood – University of Sheffield  
Edward Lugsden – Newcastle University  
Steve Fleetwood – Lancaster University

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