

# IRRUBRIEFING

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## Job quality, firm size and informality

Paul Edwards

One of the headline results of the 2004 Workplace Employment Relations Survey was that indicators of employee 'satisfaction' in small firms were higher than they were in large firms, even though small-firm workers generally scored low on such objective indices as levels of pay and training. Research by a team led from Warwick set out to resolve this puzzle.

The research team comprised David Storey (Centre for Small and Medium-Sized Enterprise), George Saridakis (CSME, now at Loughborough), Paul Edwards, Sukanya Sen Gupta (IRRU, now at Cardiff) and Robert Blackburn (Kingston).

### *What is meant by 'satisfaction'*

The WERS questions contained some measures that asked about satisfaction, for example with pay. But other measures asked for ratings of the quality of managers while yet others asked about the level of job autonomy. Other work by Edwards and Sen Gupta, with Chin-Ju Tsai, on the nature of jobs in small firms has deployed the term 'self-reported job quality' (SRJQ). The value of this label is that it is broader than 'satisfaction' while recognising that the measures of quality are those as reported by workers themselves.

### *Why might satisfaction be high in small firms?*

Much previous research has speculated about high 'morale' in small firms,

which is sometimes attributed to close working relationships without specifying more exactly the nature or effect of these relationships. More precise analysis suggests that the level of 'satisfaction' may be related to the informality of small organisations. It has been argued, for example, that the larger the organisation, the less likely it is that there will be a match between the organisation's rules and an employee's expectations. The researchers thus developed an index of formality, using such measures as the presence of an HR manager.

They also made a clear distinction between the size of the organisation and the size of the workplace – a distinction that continues to be widely neglected. Many studies take size of workplace as the measure, thus putting into one category a Tesco Metro store and a similarly-sized independent shop. The study looked only at UK-owned private sector companies. It thus avoided problems of comparisons with the public sector and foreign-owned firms.

>> **continued on page 3**

### Also in this issue

#### Employee consultation one year on

Longitudinal research in 12 case study organisations highlights distinctions between employee consultation arrangements which appear to be operating successfully and others where problems have been encountered.

>> **See page 4**

#### The impact of gender and age on actors' employment

A survey of professional actors in Europe shows the differing effects of age on access to work, pay and career longevity, depending on the performer's gender.

>> **See page 6**

#### Wage flexibility in Europe

An EU-wide study finds growing pressure and scope for wage flexibility in manufacturing and banking, including the decentralisation of wage-setting and the introduction of variable payments systems.

>> **See page 8**

## In this issue

This issue of *IRRU Briefing* carries features based on four of our research projects. It also includes an update on IRRU's activities, covering selected recent publications, new research grants, our international links and forthcoming events.

Traditionally, employment practice in small firms was not a major focus of industrial relations research. This has changed, however, with the growing awareness among both researchers and policymakers of the need to understand the nature of employment relationships in such organisations. Within IRRU, a number of studies of employment relations in small firms have been undertaken in recent years. Our first feature draws on a study of the distinctive nature of employee attitudes and commitment in small firms, carried out in collaboration with academics from Warwick Business School's Centre for Small and Medium-sized Enterprises and Kingston University. Digging beneath the headline finding of the 2004 Workplace Employment Relations Survey that indicators of employee 'satisfaction' in small firms were higher than they were in large firms, the research finds that this outcome is explained in part by high levels of informality but also by an additional size effect.

A previous issue of *IRRU Briefing* (No. 15, autumn 2007) carried a summary of findings from the first phase of

government-funded IRRU-led research into organisational responses to the Information and Consultation of Employees Regulations 2004. The research provided an early assessment of employee consultation procedures introduced or modified in the light of the new regulatory framework. However, a key aspect of this project is its longitudinal dimension and our second feature reports on a subsequent phase of the research tracking developments in the operation of information and consultation arrangements in 12 case study organisations one year after they were originally researched. This highlights the distinctions between some which appeared to be operating successfully and others where problems had been encountered.

The third feature in this issue summarises key findings from a survey of professional actors across Europe examining the impact of gender and age on their employment. Despite the long-established status of performing work as a gender-integrated occupation, the survey, commissioned by the International Federation of Actors and funded by the European Commission, found differentiated effects of age on career longevity, pay and access to work, depending on the performer's gender. Among the key findings are that men generally have longer careers as performers than women; women as a group do not earn as much or as consistently as men across age categories; and far more women

actors feel disadvantaged by their gender in respect of the potential number and variety of roles, pay, ageing and the 'type' they are most often cast as, than do men.

Our final feature also draws on Europe-wide research – in this case a comparative study of wage flexibility coordinated by IRRU for the European Industrial Relations Observatory. Increased competition has created pressure for flexibility or variation in wages. This can involve the localisation of basic pay-setting, which may or may not be governed by multi-employer bargaining arrangements, and the development of new variable payments systems linked to measures of performance. Focusing on manufacturing and banking, the study finds only limited use of 'downwards' wage flexibility but evidence of an increasing decentralisation of wage-setting through supplementary bargaining and the introduction of variable payments systems which, especially in banking, are often at the employer's discretion. Both developments threaten to erode the traditional regulatory function of multi-employer bargaining that still persists in much of the EU.

We hope that you find *IRRU Briefing* No. 17 informative and accessible, and would be interested to receive any feedback.

Mark Hall, Professorial Fellow, IRRU

*IRRU Briefing* is published periodically by the Industrial Relations Research Unit. It contains summaries of key findings from current and recent research projects, information on new projects and publications, and analysis of significant industrial relations developments.

*IRRU Briefing* aims to inform and contribute to the thinking of practitioners in industrial relations and human resource management. IRRU's research ranges much wider than the topics covered in this publication. Many of our recent papers can be found on our web site.

Please go to: [www2.warwick.ac.uk/fac/soc/wbs/research/irru](http://www2.warwick.ac.uk/fac/soc/wbs/research/irru)

For further information on our work, please contact IRRU's Research Coordinator at the address on the final page.

# Job quality, firm size and informality

<< continued from page 1

## Key findings

### Size and informality

The research found that formality increased with both organisation size and the size of the workplace. Looking just at organisations with a single workplace, among those employing 5-49 workers 7% had an HR specialist. The proportion rose to 80% among such organisations employing over 500 workers.

The growth in formality is depicted in Figure 1. This shows that the rise occurred in both multi-site and single-site workplaces, and that formality was higher in the former than the latter within organisations of the same size.

### Job quality and organisation and workplace size

The measure of job quality showed a clear decline as the size of the workplace and the organisation increased, as also depicted in Figure 1. Among workplaces belonging to multi-establishment enterprises, it fell in the smaller size ranges and then stabilised at a workplace size of about 500. Among single-site organisations, however, the decline continued across all ranges of workplace size.

### Job quality, formality and size

The research then addressed the combined effects of formality and the measures of size on SRJQ, controlling for other possible effects such as employees' education and age. It found that formality generally tended to be associated with low levels of SRJQ. However, when the index was broken down into its individual elements, a more complex picture emerged. The more employee-centred aspects of formality such as involvement practices tended, albeit not uniformly, to have relatively positive effects on SRJQ, whereas the more bureaucratic ones such as the use of appraisal schemes had negative effects.

Over and above these effects, measures of size continued to play a role, with small organisations and workplaces tending to be associated with high SRJQ even when formality and other factors are controlled for.

The researchers' explanation for this turned to other work by the IRRU team, described in *IRRU Briefing* No. 14 (spring 2007). This work combined employee surveys with detailed investigation within small firms. It found that there was a genuine 'small firm effect' characterised by close working relationships between managers and workers. This did not necessarily mean high levels of loyalty or moral allegiance. But it did mean that there was a sense of a shared destiny between workers and owners.

### Implications

One possible inference should not be drawn. This is that informality is simply a benefit to workers. Some elements of formality had positive associations with SRJQ. But there are two potential dangers to informality. The first can affect almost any firm, notably when standards of fairness and consistency are overlooked, with the result that, amidst apparent harmony, a dispute can emerge which can potentially lead to an Employment Tribunal case. The second affects the minority of firms where informality can degenerate into autocracy.

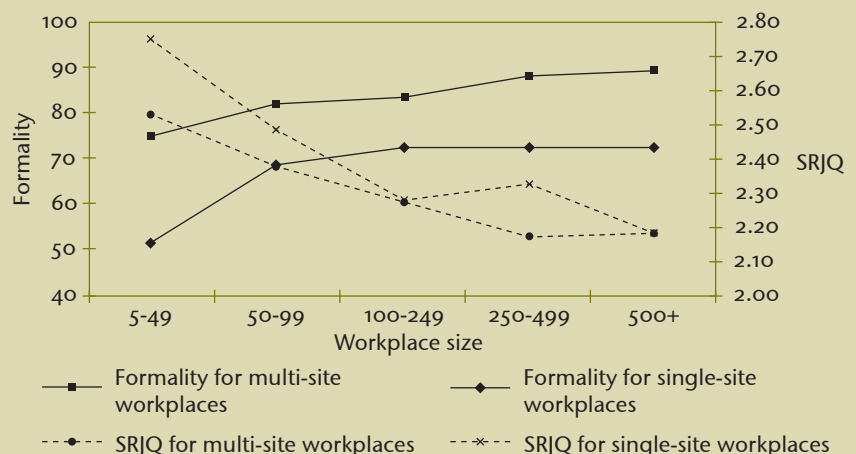
Informality has clear benefits, but these do not arise automatically within the small firm, and they are not a reason for a neglect of the quality of the employment relationship. Managers in such firms need to continue to think about how they reward

and relate to employees; and as they grow they may need to consider formal means of doing so.

Turning to public policy implications, there continues to be an emphasis on formal accredited training and qualifications, as for example in the Leitch Review which identified national targets for the proportion of the work force with certain levels of formal qualifications. This perspective continues to underplay the informal aspects of skill formation, with the possible additional effect of distancing small firms from the training agenda.

But the alternative view, of assuming that small-firm informality is producing what is needed, is equally inadequate. The earlier IRRU study, looking at 89 small firms, found that about one-third of the workers included in the study could identify specific areas of their jobs where they needed more training. A different approach would develop ways of working with small firms. This might include specialist advisers knowledgeable about employment matters working at the level of the firm, together with a strengthening of associations bringing small firms together.

Figure 1 Formality and self-reported job quality



# Employee consultation one year on

Mark Hall (IRRU),  
Sue Hutchinson  
(University of the  
West of England),  
Jane Parker,  
John Purcell  
and Michael Terry (IRRU)

One year after initial research visits to 12 organisations that had introduced or relaunched employee consultation bodies in the context of the ICE Regulations, an IRRU-based research team undertook an interim assessment of developments in each case. This highlighted the distinctions between some which appeared to be operating successfully and others where problems had been encountered.

This article looks at developments in the operation of information and consultation (I&C) arrangements in 12 case study organisations one year after they were originally researched. It is based on telephone interviews with a manager and a representative of the employees in 12 of the 13 organisations in which case studies were started in 2006 (see *IRRU Briefing* No. 15, autumn 2007). The interviews took place one year or more after the first research visit. Where possible an employee survey was also repeated. The aim was to track developments in the way the I&C arrangements were operating and identify the business and social contexts which influenced their operation. Four main themes were identified.

### *The dynamics of employee involvement*

There was emerging evidence in four cases of the I&C bodies declining in effectiveness, and dissatisfaction was expressed usually by the both the management and the employee representative respondents. The evidence of weakness was seen in:

- a lack of weighty items on the agenda;
- the I&C body being bypassed in major organisational change;
- a lack of training, especially for new members of the I&C body;
- a managerial preference to use direct methods of communication and consultation;
- difficulties faced by representatives in communicating with each other and with their constituents; and
- a decline in the support provided by senior managers.

In contrast, in five cases there were signs of growing effectiveness, and, in a further three, stability in the operation of the I&C bodies. Growing effectiveness came

from representatives gaining greater understanding of the role and self confidence in performing it, including handling confidential information. This experiential learning applied as well to some managers on the I&C body so that meetings became more robust and worthwhile. Other positive changes included, in one or more of the organisations:

- having a rotating chair;
- focussing on external issues which impacted on the organisation such as the ban on smoking;
- calling in other senior managers from functional departments from time to time when the agenda item warranted it;
- attempts to build social networks;
- further training for employee representatives and participation in management training events; and
- the use of multiple channels to report back to constituents.

### *The role of I&C bodies in major organisational change*

The experience of major change was a feature of eight cases. In four, the I&C bodies were largely ignored or bypassed. Where a trade union was recognised,

the need for statutory discussion on the issues was undertaken with the union. In other cases, in contrast, there was evidence of early provision of information on a confidential basis, special meetings held to review how the decision could be implemented, and a shared feeling of satisfaction with how this had been

“Management is the crucial player in influencing how the consultation bodies operate and what role they have, if any, in major organisational change”

handled. It was sometimes the case that managements felt inhibited from early consultation because of the sensitive nature of the timing of the information provision. Some claimed the stock exchange rules prohibited confidential disclosure. All this points to the very different ways in

## The ICE Regulations

The Information and Consultation of Employees (ICE) Regulations 2004 established a general statutory framework giving employees the right to be informed and consulted by their employers on a range of business, employment and restructuring issues. The legislation has applied since April 2005 to undertakings with at least 150 employees, since April 2007 to those with at least 100 employees and since April 2008 to undertakings with 50 or more employees. The Regulations provide considerable flexibility of response, and enable the adoption of organisation-specific information and consultation arrangements.

which managers sought to operate and define 'consultation'.

#### *The changing experience of 'hybrid' I&C bodies*

Half of the case study organisations had established 'hybrid' I&C bodies which combine union and non-union representatives. In some cases this had been a cause of tension. One year later it appeared that there was now greater acceptance by the unions in these organisations and less fear that their role in collective bargaining could be undermined. In one case in particular there was evidence

of effective joint working in collective bargaining, consultation over major organisational changes, handling confidential information and discussion of business issues. The union felt that involvement in the I&C body gave them access to senior management and increased their credibility, especially with line managers.

#### *Generating a vibrant representational system*

It was common, but not universal, to hear of staff apathy and the problem of

getting people to stand as representatives. Management in the more successful examples of operating I&C were proactive, working with representatives, promoting the I&C body, and using multiple channels of information like dedicated intranet pages and email lists. The purpose was to help representatives communicate with each other, and with their constituents. Training was important, not just for representatives but for managers on the I&C body and, in a few cases, I&C material was included on management training programmes and in induction events for new staff.

In the less successful cases it was more a matter of 'sink or swim', with the representatives left to solve the problems of communication. This was related to a lack of 'big' issues to discuss at the I&C body meetings with the consequence that it was felt that there was little to report back. In two cases all the original employee representatives had resigned for one reason or another.

#### *Assessment*

These are interim findings and things could have changed again by the time of the final research visit one year later. It is already clear, however, that it is management which is the crucial player in influencing how the I&C bodies operate and what role they have, if any, in major organisational change. Where management want a successful information and consultation system it reinforces the interest of employees in it. Where management do not support the I&C body or do not take it seriously this can undermine employee interest and involvement in a reciprocal manner.

The full text of the research report on which this article is based is available to download at:

<http://www.berr.gov.uk/files/file48798.pdf>

## About this project

The research is funded by the Department of Business, Enterprise and Regulatory Reform, Acas and the CIPD. It is investigating organisational responses to the ICE Regulations, paying particular attention to:

- how the strategic choices of management, employees and trade unions (where present) determine the organisation's approach to information and consultation;
- the key features and practical operation of organisations' information and consultation arrangements; and
- the impacts of information and consultation practices on management decision-making, employee commitment, employment relations climate and organisational effectiveness.

The research uses longitudinal case studies, tracking developments in each of the case study organisations over a two-year period. The case studies involve semi-structured interviews with senior management, trade unions (where present) and employee representatives, as well as an employee survey.

Three waves of case studies are being undertaken. During 2006, case studies began in 13 private sector organisations with over 150 employees. In 2007, a second wave of case studies began in eight organisations with 100-150 employees. A third and final wave of four case studies started during 2008 in organisations with 50-100 employees.



# The impact of gender and age on actors' employment

Deborah Dean

Findings from an EU-funded survey of professional actors in Europe indicate differentiated effects of age on access to work, pay and career longevity, depending on the performer's gender. This is despite the status of performing work as a long-established gender-integrated occupation.

The International Federation of Actors (FIA) recently commissioned an online questionnaire to survey performers across Europe in film, television, theatre and radio on their perceptions of the effects of social identities (principally gender and age) on a range of areas including access to work, pay, content of work and career longevity. This project was funded within the 'social dialogue' strand of the European Commission's work.

## Background

The EU's current 'roadmap' towards equality between women and men highlights six priority areas for action on gender equality, one of which is 'elimination of gender stereotypes'. Gender stereotypes are seen as centrally implicated in the existence and persistence of unequal outcomes in terms of employment and pay. Further, the declining birthrate and shrinking workforce in Europe has contributed to a focus on age-related discrimination in employment. Perceptions of age are bound up with gender, and research shows that women are affected more as a group by negative perceptions of ageing, in particular regarding rates of employment and pay.

One of the primary explanations offered for gendered disparities in pay and career progression is occupational segregation, which is still a dominant feature of contemporary labour markets worldwide. However, professional acting has been a formally gender-integrated occupation in Europe for several hundred years. Acting requires exercise of the same skills, in the same workplaces, by both men and women at the same time. Therefore it is a particularly useful area of employment to explore in considering systemic patterns in relation to gender and age.

## The survey

There were 2174 respondents to the questionnaire: 54% women and 46% men. The overall response rate averaged 5% across the 21 countries involved, and no claims to statistical representativeness of all performers in Europe are made. However, the largest union in EuroFIA is Equity in the UK (47% of EuroFIA's affiliated membership) and Equity members accounted for 48% of the total number of responses. Further, membership of Equity is split evenly between male female actors (similar to the majority of EuroFIA unions), and so the 46% male response rate to this survey indicates a significant level of representativeness. Therefore, it is possible that the findings are generalisable to the wider performer population.

## Career longevity

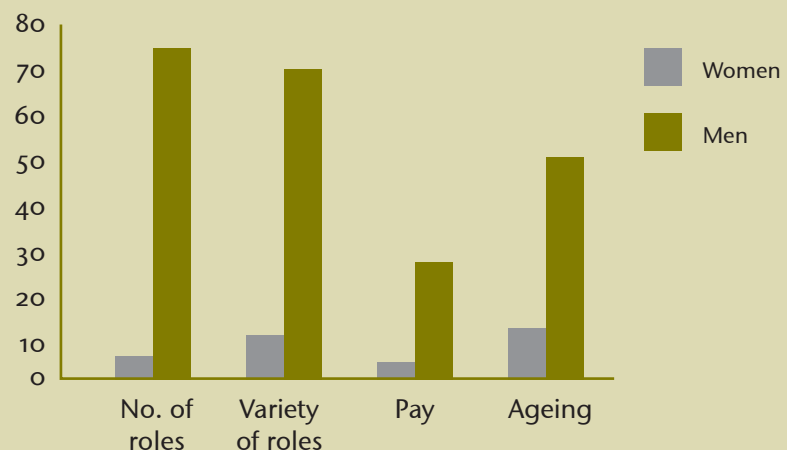
Men as a group are spread more evenly than women as a group across ages, career categories, length of time as a professional

performer and income categories. Women are more concentrated in the younger age groups (20-35, where they comprise two-thirds of the total) and over a fifth more indicate that they 'work infrequently with little choice of employment opportunities' (61% of women as against 39% of men). The concentration of genders in particular age groups and 'length of time as professional performer' categories indicates that in general men have longer careers as performers than women. The largest percentage in any length of time performing category is 20% for both women and men. However, that 20% of women is in the 7-10 years category and the 20% of men is in the 30 years+ category.

## Pay

Income is a key indicator of gender equality and respondents were asked about their financial income from performing (before tax) for the financial year 2006-7.

Figure 1 Performers' perceptions of advantage of gender in employment opportunity (% of respondents)



The largest percentages of performers are in one of the two lowest income categories (under £6,000/€7,499 and up to £11,999/€7,500-15,499 category). This confirms previous International Labour Organisation, European Commission and nationally-based research on the generally low levels of income from performing.

While most performers earn very little from their work (and 5% of both genders earned nothing from performing in 2006-7), there is a smaller proportion of men in the lowest income group (14 percentage points fewer than women) and a larger proportion in the highest income group (4 percentage points more than women, who comprise just 0.4% of performers earning £60,000/€75,000+).

Further, women as a group do not earn as much or as consistently as men across age categories: 26% of men see ageing as an advantage in relation to pay, 9% of men see it as a disadvantage (see Figures 1 and 2). In contrast, only 3% of women see ageing as an advantage in relation to pay; 49% of women see it as a disadvantage.

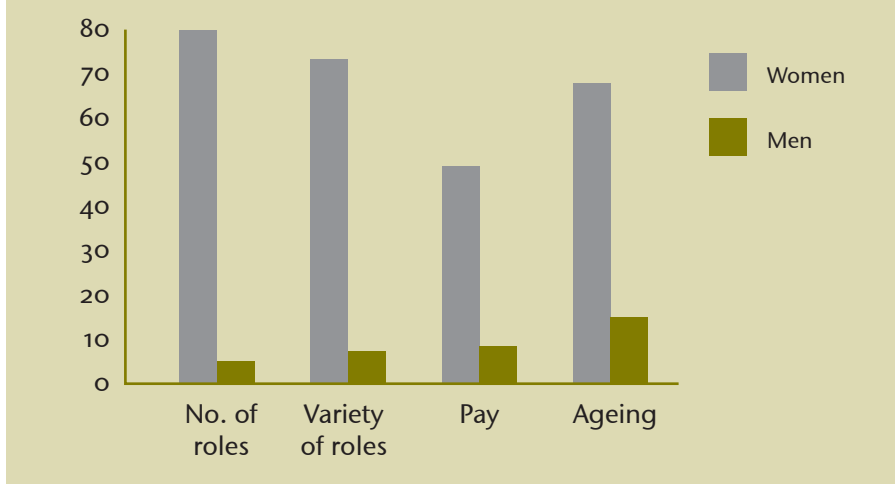
**Access to work**

As shown in Figures 1 and 2, one of the clearest findings was that women saw their gender as disadvantageous to them along a range of key dimensions, notably in respect of the potential number and variety of

“ 3% of women see ageing as an advantage in relation to pay; 49% of women see it as a disadvantage ”

roles, pay and ageing (i.e. changing work opportunities beyond the age of around 40). In contrast, men performers saw their gender either clearly as an advantage or else as not either an advantage or disadvantage.

**Figure 2 Performers’ perceptions of disadvantage of gender in employment opportunity (% of respondents)**



There was also a large difference in perception of lack of employment opportunity as mainly due to gender: women 57%; men 6%. Perception of lack of employment opportunity as because of age was much closer, though still clearly differentiated: women 56%; men 28%

The responses of minority ethnic women performers on the key dimensions are closer to majority ethnic women than to minority ethnic men, indicating that they experience both multiple and intersectional disadvantage (perceptions of ethnicity compounded by ‘aged’ perceptions of gender).

Age and gender are also relevant to the younger performer: the survey’s finding of greater concentration of women in the younger age categories indicates disproportionate labour market competition for women. Previous UK research highlighted the ‘colonisation’ of the smaller number of roles for women over 40 by already well-known performers and, in conjunction with the statistics on age concentration and disparity in number of available roles for women and men,

this suggests younger women performers are under greater pressure than their male peers to achieve recognition earlier, in order to sustain a career long-term.

**Conclusion**

In response to the key question ‘Does ageing affect access to jobs, pay and career longevity differently depending on a performer’s gender?’, the simple answer is ‘In general, yes’.

A recurring theme emerged. European actors work within the same broad ‘rules’ of perceptions of age, appearance and talent. They matter for all performers in terms of employment opportunity. However, the way these rules are understood and applied is broadly different according to gender, resulting in different labour market outcomes in a formally gender-integrated occupation.

Performers are paid to represent us to ourselves. The impact of age and gender on their employment, pay and career longevity gives us insight into the position of women and men more widely.

# Wage flexibility in Europe

James Arrowsmith  
and Paul Marginson

Internationalisation and intensification of competition within the EU's increasingly integrated market are reflected in both growing pressure and scope for wage flexibility under the differing wage-determination systems of member states. A new study for the European Industrial Relations Observatory focussing on two sectors – manufacturing and banking – examines the principal patterns of wage flexibility, their underpinning rationales and the role of, and implications for, collective bargaining.

The study found only limited use of 'downwards' wage flexibility, but evidence of an increasing decentralisation of wage-setting through supplementary bargaining and the introduction of variable payments systems. Across the EU, two developments are prominent in enhancing possibilities for wage flexibility. First, there has been further decentralisation within multi-employer bargaining systems, involving increased scope for the negotiation or determination of an element of wages at company level. Second, increasing use of variable payments systems (VPS) is reported across most, although not all, EU/EEA countries.

## *Wage flexibility and collective bargaining*

Concerning the first development, the traditional function of sector agreements in providing a floor which minimises wage competition within national product markets has tended to be eroded. In particular, in those countries where the floor provided by multi-employer agreements is tantamount to a norm for base wages, the possibility for derogation by individual companies facing economic difficulties and/or undergoing restructuring from sector wage norms, is now widespread in manufacturing.

Yet downwards wage flexibility would not seem to have become a generalised phenomenon, either under these derogation arrangements or under two-tier forms of multi-employer bargaining where sector negotiations tend to establish a minimum floor. Equally, downwards wage flexibility in the form of wage cuts, freezes or increases below sector norms seems

to be hardly more prevalent amongst countries with single-employer bargaining arrangements, such as the UK and the majority of the EU member states in central and eastern Europe.

More generally, and to varying extent, there is increased scope under multi-employer bargaining for second-tier negotiations over at least an element of wages at company level, associated with increased upwards flexibility of wages. Such upwards flexibility arises in two main ways. First, is through scope for negotiations at company level which, in a significant number of countries and sectors, has been enhanced in recent years. Often scope for any company-level wage negotiation is contingent on considerations of company performance,

productivity or profitability. Second, and relatedly, is the implementation of VPS insofar as these are paid 'on top' of collectively agreed wages, which is commonly the case.

## *The scope for variable payment systems*

Multi-employer agreements in some countries and sectors set out either frameworks for VPS or openings for negotiation of specified schemes at company level. But more usually, beyond general enabling clauses in sector agreements, VPS are left to company-level negotiation or determination. The result is space for unilateral implementation of schemes by companies, more marked in some countries than others. VPS are a feature in both banking and manufacturing in most countries, although

## Wage flexibility: key terms

*Base pay and variable pay:* Flexibility in base pay refers to the scope for supplementary bargaining, and the possibility of derogation (i.e. negotiated variation) from sector wage norms, under multi-level arrangements and wage freezes or reductions under single-employer arrangements. Variable pay includes schemes for additional payments such as individual or team performance-based pay, payments by results, and financial participation. Some forms of variable pay, such as appraisal-set pay, might affect the distribution of, and be incorporated into, base pay; others, such as bonuses, may not.

*Upwards and downwards flexibility:* Base pay might be 'downwardly flexible' in circumstances where companies gain exemptions from higher-level wage agreements; alternatively, supplementary bargaining over base pay might facilitate higher wages on top of that agreed at sector level. Variable pay, by definition, is likely to fluctuate up and down.



they tend to be more widespread in the former than the latter. The significance of VPS for earnings is also greater in banking than manufacturing. Table 1 shows a noticeable trend away from piecework schemes and towards productivity bonuses and profit share in manufacturing, whilst in banking all forms of VPS have become more widespread as seniority systems are displaced.

In overall terms, the growth of VPS has been accompanied by some retreat in the purchase of collective bargaining on earnings, a feature which is more marked under single-employer bargaining and particularly amongst the eastern European new member states, than under multi-employer arrangements. This broad conclusion also varies according to sector and type of VPS. VPS are more likely to be regulated by collective agreements in manufacturing than in banking. And collective agreements are more likely to regulate productivity and other output- or sales-related bonuses, and also individual, appraisal-based performance pay, than company-performance bonuses and profit-share schemes.

#### *Employer and trade union perspectives*

A principal objective of employers' organisations in many of the countries where multi-employer bargaining arrangements prevail is to enhance further the scope for negotiation over an element, at least, of wages at company level. More specifically, employers organisations see this as better enabling wages to reflect the business situation of companies, including strengthening the link between wages and productivity, performance and profitability. In this context, VPS are seen as having a central role to play, and in a number of countries and sectors governed by multi-employer bargaining a priority for employers is to focus company-level wage negotiations on the implementation of such schemes. Similarly, employers' organisations in most countries and sectors with single-employer bargaining are keen to promote VPS.

In general, trade unions accord priority to protecting, and securing adequate increases, in base wages. Under multi-employer bargaining systems this tends to be expressed as a defence of existing

arrangements which establish sector wage norms. In almost all countries, however, they are not opposed to VPS, so long as the payments involved are additional, and do not threaten base wages. Considerable emphasis is also placed by unions on the need for schemes to be transparent and fair. The gender implications of the growing diffusion of VPS seem to have surfaced as an issue in a minority of countries. Where they have, awareness and activity is more evident amongst unions than employers' organisations.

#### *Future prospects*

It is difficult to foresee the competitive pressures for wage flexibility within Europe's single market relenting. Under

multi-employer bargaining, wage-setting arrangements are likely to continue to become more responsive to the 'ability to compete' and 'ability to pay' of individual companies. VPS look set to become even more widespread, and whether schemes are brought within the remit of collective bargaining will be significant in determining the extent to which wage setting in Europe continues to be jointly governed, which is widely seen as a central characteristic of Europe's social model.

The full text of the comparative study on which this article is based is available to download at: <http://www.eurofound.europa.eu/eiro/studies/tn0803019s/index.htm>

**Table 1** Notable trends in variable payment systems – selected countries

	Manufacturing			Finance/banking		
	Piece-work	Bonuses	Profit-share	Bonuses	Profit-share	Merit
Austria	↓	↑				↑
Belgium		↑		↑		
Bulgaria			↑		↑	
Germany	↓					
Denmark	↓	↑		↑		↑
Spain	↓	↓			↑	
France		↑		↑		
Hungary	↓		↑		↑	
Luxembourg						↑
Malta		↑	↑		↑	↑
Netherlands				↑		
Norway		↑		↑		
Portugal					↑	
Slovakia	↓	↑		↑		
UK	↓	↑		↑		

Source: EIRO National Centres

# Research update

## Recently published

IRRU staff produce a wide range of books, reports, articles, chapters for edited collections and other published outputs. Details of these, and recent working and conference papers, are available from our website. Here we highlight three of our recent publications:

- ***Strategy and Human Resource Management*** by Peter Boxall (University of Auckland) and John Purcell, 2nd edition, Palgrave Macmillan, 2008. This book provides a critical yet highly accessible account of the strategic role of human resource management within organisations. Building upon the strengths of the best-selling first edition, the new edition expands its discussion of goals in HRM, builds a new typology of HR systems, contains new material on organisational culture and climate, and more fully examines HRM in services and the public sector. Updated to include the latest research and developments in the field, it continues to challenge students and practitioners to critically assess the role and contribution of human resources to organisations. It is also an invaluable resource for anyone interested in the role of HRM in business success.
- ***Challenges in European employment relations***, edited by Linda Dickens. Has European economic and market integration curtailed the autonomy of national industrial relations actors and institutions? Or has it reinforced their roles in securing much-needed economic adjustment? This book assembles a range of papers originally presented at the 8th European Regional Congress of the International Industrial Relations Association, held in the UK in September 2007, to offer an in-depth comparative perspective on these questions. Leading academics from Austria, Belgium, Canada, Denmark, Germany, the Netherlands, Norway, Spain and the UK address key issues such as the employment relations implications of EU enlargement, the shift from manufacturing to services, changes in the gender composition and demographic profile of the labour force, and the growing influence of multinational companies. The book

was published in 2008 by Kluwer Law International in the Bulletin of Comparative Labour Relations series (no.67).

- ***Implementing information and consultation in medium-sized organisations*** by Mark Hall, Sue Hutchison (University of the West of England), Jane Parker, John Purcell and Mike Terry. This report presents findings from interviews and employee surveys in eight case study organisations with 100-150 employees undertaken as part of an ongoing research project examining employee consultation practice in the light of the Information and Consultation of Employees Regulations 2004. The research found considerable similarities between the nature and operation of the case study organisations' information and consultation bodies and those of larger organisations studied. There were some differences in practice reflecting the greater informality and more limited HR capacity associated with smaller organisations. These included a lower incidence of contested elections for employee representatives and fewer 'strategic' issues being tabled for discussion by management. However, employee representatives received greater recognition of their role from the workforce than did their counterparts in the larger organisations. The research is funded by the Department for Business, Enterprise and Regulatory Reform, Acas and the CIPD (see below). The report was published in October 2008 in the Department's Employment Relations Research Series (no. 97) and is available to download at: <http://www.berr.gov.uk/files/file48723.pdf>

## New research grants

***Governance of uncertainty and sustainability – challenges for employment, industrial relations, social and environmental policies in European countries***: Paul Marginson and Guglielmo Meardi have key roles in this major new research project which is funded under the European Commission's 7th Framework Programme and led by Colin Crouch of Warwick Business School's Institute of Governance and Public Management. Realisation of the project, which runs for three years

from March 2009, rests on successful collaboration between researchers from thirteen institutes in eleven countries. Marginson is jointly coordinating the research stream – one of six within the programme – on the changing role of collective bargaining as a mode of, and the emergence of territorial models of, labour market governance. Meardi is leading an examination of EU-level migration policies as part of the comparative policy studies stream. IRRU's share of the budget will be approximately €160,000.

***Information and consultation – longitudinal employer case studies***: During 2008, IRRU successfully secured an extension of funding from the Department for Business, Enterprise and Regulatory Reform, Acas and the CIPD for the third and fourth years of its research on employee consultation. The project, which began in 2006, is investigating organisational responses to the Information and Consultation of Employees Regulations. The £156,127 budget covers the period June 2008 to May 2010 and will enable the completion of the research.

## International links

***University of Montreal, Laval University (Québec)***: IRRU researchers Paul Edwards and Paul Marginson are part of an international team, led by the Interuniversity Research Centre on Globalisation and Work (CRIMT) based at the University of Montreal, that has been awarded a 2.5 million Canadian dollar research grant year by the Social Sciences and Humanities Research Council of Canada to conduct a major study of work and employment in the context of globalisation. The CRIMT team will examine the involvement of institutional players in dialogue about change and seek to gain a better understanding of the capabilities required to evolve and thrive in the new global environment. Key issues include the cross-border organisation of production, citizenship in the workplace, the implementation of public policies that redistribute work rights and risks, new forms of collective representation, and the social aspects of comparative institutional advantage. Paul Marginson spent two months as Visiting Professor at the University of Montreal during study

leave in the autumn of 2008. He worked on developing comparative analysis of surveys of multinationals' employment practices undertaken in both Canada (by CRIMT) and the UK (involving IRRU), and contributed to the elaboration of proposed research on multi-level governance under CRIMT's new programme.

*EU/US doctoral workshop:* In September 2009, IRRU will be hosting an international workshop for doctoral researchers in industrial relations. A European workshop has run for several years, involving leading European institutions such as Amsterdam, LSE, Trier, Milan, Warwick and the Central European University, Budapest. A similar event for doctoral researchers from IRRU and Cornell University in the US was hosted by Cornell in 2007. In both cases the aim is to offer doctoral students a dynamic and challenging international forum in which to disseminate and debate empirical findings and theoretical insights deriving from their research. In 2009 it is IRRU's 'turn' to host both these events and we will be holding a joint workshop during September. This initiative will contribute to raising our international profile as well as fostering research excellence and building links with leading European and US institutions in IRRU's field.

## Forthcoming events

*Warwick-Acas Lowry lecture 2009:* The eighth annual Lowry lecture, organised by IRRU and Acas in memory of Sir Pat Lowry, will take place on 30 March 2009. The speaker will be Kieran Mulvey, chief executive of the Labour Relations Commission in Ireland. His theme will be 'The legal and voluntary framework for dispute resolution'. The lecture will be held at the EEF, Broadway House, Tothill Street, London SW1, starting at 5.00 pm. Attendance is by invitation only.

# IRRU staff

In 2008, IRRU said farewell to Professor Michael Terry who retired after a 34-year career at Warwick. He became a researcher at IRRU in September 1974 before joining the teaching staff, latterly taking on the role of Deputy Dean of Warwick Business School. Three other colleagues also left IRRU during the year – James Arrowsmith and Jane Parker to take up academic posts in New Zealand, and Sonia Liff to become a freelance researcher. Thomas Prosser joined IRRU as a Research Associate in July 2008 and Thomas Fetzter will take up a lecturing post in April 2009.

## Academic and research staff

Trevor Colling  
Ardha Danieli  
Deborah Dean  
Linda Dickens  
Paul Edwards  
Thomas Fetzter (from April 2009)  
Anne-marie Greene  
Mark Hall  
Paul Marginson  
Guglielmo Meardi  
Gillian Morris\*\*  
John Purcell  
Thomas Prosser  
Melanie Simms  
Keith Sisson\*

\* Emeritus Professor  
\*\* Honorary Professor

## IRRU Associate Fellows

James Arrowsmith  
Jacques Bélanger  
Mark Carley  
Tony Edwards  
Anthony Ferner  
Mark Gilman  
Richard Hyman  
Jane Parker  
Valeria Pulignano  
Helen Rainbird  
Monder Ram  
Sukanya Sen Gupta  
Michael Terry  
Chin-Ju Tsai  
Judy Wajcman  
David Winchester

## Support staff

Val Jephcott  
(IRRU Research Coordinator)

## IRRU doctoral students

Domenico Bevilacqua  
Heather Connolly (completed 2008)  
Chris Edger (completed 2008)  
Michael Frize  
Sophie Gamwell (completed 2008)  
Annette Hayden (completed 2008)  
Benjamin Hopkins  
Aristea Koukiadaki (completed 2008)  
Juan Lopez-Cotarelo  
Christina Niforou  
Thomas Prosser  
Emma Stringfellow

# About IRRU

IRRU embraces the research activities of the industrial relations community at Warwick Business School. There are currently 14 academic staff. Our work combines long-term fundamental research and short-term commissioned projects. In both instances, we maintain the independence and integrity which have been the hallmark of IRRU since its establishment in 1970. We aim thereby to improve the quality of data and analysis available to industrial relations policy-making by government, employers and trade unions. IRRU's advisory committee includes senior representatives of the Advisory, Conciliation and Arbitration Service, the Chartered Institute of Personnel and Development, the Confederation of British Industry, the Department for Business, Enterprise and Regulatory Reform and the Trades Union Congress.

IRRU's research projects are clustered around five main themes:

- Europeanisation and internationalisation of employment relations
- equality and diversity
- pay, performance and industrial relations
- employee representation and employee voice

- legal regulation of the employment relationship.

Textbooks by IRRU staff on industrial relations and human resource management include:

Paul Edwards (ed) *Industrial Relations: Theory and Practice* (2nd edn), Blackwell 2003. *Industrial Relations* provides a comprehensive treatment of the subject which blends description and analysis. A new edition, edited by Trevor Colling and Michael Terry, is currently in preparation

[Peter Boxall and] John Purcell, *Strategy and Human Resource Management* (2nd edn), Palgrave 2008

John Purcell, [Peter Boxall and Patrick Wright] (eds), *The Oxford Handbook of Human Resource Management*, OUP 2007

[Gill Kirton and] Anne-marie Greene (eds), *The Dynamics of Managing Diversity: A Critical Approach* (2nd edn) Butterworth Heinemann 2004.

IRRU also publishes its own series of research papers (*the Warwick Papers in Industrial Relations*).

IRRU is the UK national centre for the network of EU-wide 'observatories' operated by the European Foundation for the Improvement of Living and Working Conditions. The network embraces the European Industrial Relations Observatory (EIRO), the European Working Conditions Observatory (EWCO) and the European Restructuring Monitor (ERM). IRRU's role is to provide up-to-date information on key employment and industrial relations developments, restructuring data, research findings and policy analysis, aimed primarily at practitioners and policymakers at national and EU levels and published on-line. A consortium consisting of IRRU and the Institute for Employment Studies is also one of four European research institutes responsible for coordinating a range of EU-wide comparative analytical reports for the three observatories. The three observatories' databases are publicly accessible on-line at:

[www.eurofound.europa.eu/eiro](http://www.eurofound.europa.eu/eiro)  
[www.eurofound.europa.eu/ewco](http://www.eurofound.europa.eu/ewco)  
[www.eurofound.europa.eu/emcc/erm](http://www.eurofound.europa.eu/emcc/erm)

## Further information

Information on our current research programme and projects, and on recent papers and publications, is available from IRRU's website: [www2.warwick.ac.uk/fac/soc/wbs/research/irru/](http://www2.warwick.ac.uk/fac/soc/wbs/research/irru/)

Alternatively, please contact Val Jephcott, IRRU Research Coordinator, Warwick Business School, University of Warwick, Coventry, CV4 7AL; email: [irruoffice@wbs.ac.uk](mailto:irruoffice@wbs.ac.uk); phone: +44 (0)24 7652 4268