lack a range of employment protections, even though, to all intents and purposes, they are treated by the company as if they are employees. The dispute was sparked by a proposed change by Deliveroo to its workers' pay arrangements in London. Instead of receiving an hourly rate of £7.00 per hour plus £1.00 for every delivery, the proposed new system would see workers paid per delivery only (at £3.75 for each delivery). Alarmed that the change would be likely to result in a significant fall in their earnings, the workers stopped work and mounted the protest. Their action was supported by the Independent Workers Union of Great Britain (IWGB). After a few days, Deliveroo's chief executive apologized for the dispute, and the company started to make some concessions. It proposed that existing workers could continue under the old pay scheme, albeit with some rather stringent conditions attached, and made a commitment to ensuring that, temporarily anyway, they would be guaranteed a minimum hourly payment. The immediate dispute only ended, however, after Deliveroo made a further concession, by withdrawing a measure which would have compelled existing workers to accept the new contractual terms on a supposedly trial basis. While the IWGB claimed victory, the extent to which the workers were successful is not altogether clear. Deliveroo is at liberty to hire new workers on the revised pay-per-delivery basis, and seems likely to want to make it more widespread.

Knowledge and understanding of employment relations are essential if we are to comprehend properly the background to, and implications of, events like the campaign by Deliveroo workers to defend their earnings. We need to understand how the relationship between employers and workers operates, and the factors that influence it, including the broader economic, political, and social circumstances. It is important to understand and explain why the relevant employment relations actors, especially managers, workers, and trade unions, behave in the ways they do. Understanding why workers take action to protest against, or change, aspects of their employment relationships, and the methods they use to do so, are also integral features of employment relations. Effective knowledge and understanding of contemporary employment relations makes important events like the campaign by Deliveroo workers, against proposed changes that would have seen their earnings slashed, more readily comprehensible.

1.2 The employment relationship and employment relations

As a field of study, employment relations is concerned with understanding work and employment relationships, and has a particular focus on the relationship between employers and their employees (BUIRA 2009; Colling and Terry 2010). Although the main emphasis is on the employment relationship, not all workers are, formally at least, directly employed by employers; they may be hired on a self-employed basis, for example, while to all intents and purposes being employees—see the introductory case study of Deliveroo (there is more coverage of 'bogus' self-employment in Chapter 2). By conceiving of employment relations as covering work and employment relationships in a broad sense, then, it enables us to accommodate such changing patterns of work, while upholding a special concern with the employment relationship. This section is concerned with the nature of the employment relationship as a 'wage–work bargain'; examining how employment relationships are regulated and identifying the sources of the rules that govern work and employment relationships, and that take the form of terms and conditions of employment like pay, benefits, and working conditions.

1.2.1 The employment relationship as a 'wage–work bargain'

To an important extent, the employment relationship is a market exchange in which an employer hires a worker to undertake a particular job for an agreed price (e.g. wages, benefits)

(Budd 2011). Work and employment relationships are thus an integral feature of capitalist market economies, which are characterized by the central importance of contracts and the capacity of the law to enforce contractual obligations and property rights (Sisson 2010). From a market-based perspective, work is a commodity like any other; and both a worker and his or her prospective employer are equally free to choose whether or not they want to enter into a contractual relationship (Budd 2011). The employment relationship is viewed as a conventional contract, 'and the parties owe no responsibilities to one another beyond those expected of participants acting in good faith' (Sisson 2008: 11). The employment contract captures the reciprocity evident in the agreement by an employer to provide workers with wages in exchange for their willingness to engage in productive effort. Thus it is ostensibly characterized by the free and equal willingness of the parties to exchange resources.

The main advantage of using a market-based contractual framework to characterize the employment relationship is that it captures the way in which the employment relationship is an economic transaction, something that concerns the willingness of workers to offer their capacity to labour in exchange for the promise of wages (Kahn-Freund 1977). But there are three fundamental problems with viewing the employment relationship in purely market-based, contractual terms.

First, the notion of a contract assumes that both parties to it come together in a free and equal way, without any obligation or pressure on them to participate. However, the individual worker is generally in a much weaker position than the prospective employer. It is rare for workers to be in a position where they have as much freedom to choose between alternative offers of employment as employers have in selecting employees. Moreover, the consequences of refusing an offer of employment are potentially much more serious for the worker, since jobs, and the wages they attract, are for most people their primary source of income. Employers can generally simply offer the job to someone else (Fox 1974). In reality, therefore, work and employment relationships are generally characterized by a marked imbalance of power between a relatively powerful employer and a relatively powerless individual worker (Sisson 2008, 2010).

Second, by accepting an offer of employment, workers come under the authority of an employer. A purely contractual approach, then, fails to capture the way in which work and employment relationships are infused by power, characterized by the capacity of an employer to command and the obligation on the worker to obey (Kahn-Freund 1977; Sisson 2010). Thus the 'brute facts of power' (Fox 1974: 183) mean that it is inappropriate to consider the employment relationship straightforwardly as a market-based contract, in the sense of a voluntary agreement between two equal parties (Wedderburn 1986). Indeed, a key advantage of the employment relationship for employers concerns the scope it gives them to direct the activities of employees, through what Sisson (2008: 25) calls 'residual control rights'—something which should not be possible where a worker is hired as a self-employed contractor to undertake a specific one-off task.

The third reason why work and employment relationships cannot be understood in purely contractual terms is that labour is not a commodity in the conventional economic sense. Employers do not buy employees in the way that a consumer purchases a tin of baked beans from a supermarket. Rather, they secure the capacity of employees to engage in productive work—their potential labour power. Having hired an employee, the employer must then convert latent labour power into productive effort—through systems of control and supervision,

for example, or by eliciting the employee's motivation and commitment. Labour power, then, is an 'entirely fictitious commodity' (Polanyi 1957: 72); employers buy the capacity of workers to engage in productive effort. The distinctive characteristic of labour is that it is not an inanimate commodity, but is embodied in actual human beings (Edwards 2003; Sisson 2008; Kaufman 2010*a*; Meardi 2014*a*).

A key implication of this is that the employment relationship is 'open-ended' or 'indeterminate' (Fox 1974; Marsden 1999; Sisson 2010). What this means is that when an employment contract is formed, it is impossible for the parties to specify all of the likely obligations. Neither the employer nor the employee can foresee all the eventualities that may arise during the term of the contract. 'In a commercial contract, a product or service is supplied for a price. In the labour contract, the worker sells their ability to work, which is translated into actual labour during the course of the working day. Expectations about standards of performance have to be built up during the process of production' (Edwards 2003: 14). The result is that the characteristics of the employment relationship are the outcome of both 'market' and 'managerial' relations (Flanders 1975; Sisson 2008). Market relations help to determine wages, or the price of a worker's employment, whereas managerial relations are concerned with establishing how much work is to be undertaken by the employee, of what kind, how quickly, and the sanctions for non-compliance (Edwards 2003; Colling and Terry 2010).

Rather than viewing the employment relationship as a contract, then, it is more accurate to consider it as an ongoing series of contracts, which are continually being re-negotiated between employers and their employees as changes in their circumstances alter the expectations of the parties, and thus their behaviour (Commons 1924; Colling and Terry 2010). Workplaces are best conceptualized as 'negotiated orders', marked by 'dialogue, day-to-day consensus building and "give-and-take" ' between employers and employees (Sisson 2008: 34). The employment relationship is not a one-off transaction, as the market-based perspective would suggest. Rather it has to be viewed as a dynamic process: one in which an employer, due to an efficiency-driven concern to produce goods or deliver services more cheaply, seeks greater effort from employees, who have their own, different interests (e.g. protection from unjustified dismissal or being able to influence decisions) (Budd 2004). One very important consequence of all this is that there is always the potential for conflict to arise between workers and employers. This is what has sometimes been termed the 'labour problem' (Kaufman 2004; Meardi 2014*a*).

Contesting employment relations 1.1: The effort bargain in action: the junior doctors' dispute in England

The dispute between the 55,000 junior doctors in England and the UK government over proposed changes to their contracts provides a good example of the effort bargain in action. In the first few months of 2016, doctors represented by their trade union—the British Medical Association (BMA)—undertook six separate strikes, including two 'all-out' strikes, which saw them withdrawing provision of emergency as well as routine care. The dispute was caused by the government's aim to extend NHS coverage, particularly at weekends, without having to invest more money. To achieve this, it proposed cutting or removing additional payments for doctors working 'unsocial hours' (e.g. Saturdays), in exchange for an overall average increase of 13.5 per cent in their basic pay. Overall, however, most doctors would face a substantial fall in their earnings under the government's package of reforms.

A massive proportion—98 per cent—of doctors voted to strike in protest. The dispute intensified after the government said it would impose the new contract. Talks to resolve the dispute resulted in a proposed new deal, which the BMA recommended that doctors accept. However, in July 2016 a majority of doctors (58 per cent) rejected the new terms in a ballot, despite which the government announced its intention to press ahead with imposing a new contract. While the government has largely been concerned with securing greater efficiency, the doctors have resisted its efforts to change their contracts, not only because of the adverse consequences for their pay and working conditions, but also because they believe it would jeopardize patient safety.

The employment relationship is best conceptualized as a 'wage–work bargain' or 'effort bargain' (Behrend 1957), marked by attempts by both employers and workers to influence and adjust its terms in ways that benefit their own interest (see Contesting employment relations 1.1 for an illustrative example). As already mentioned, there is always the possibility that the interests of employers and employees will come into conflict (Baldamus 1961). Underlying the employment relationship is a constant potential struggle over its terms—over what Goodrich called 'the frontier of control' (Hyman 1975). Some perspectives characterize the employment relationship as a 'stark conflict of interests' (Hyman 1975: 27) between an employer who is concerned to extract the maximum effort from employees at minimum cost, and an employee whose concern is to secure better wages and limit the amount of work he or she is expected to undertake.

But it is overly simplistic to view the employment relationship just in terms of conflict between employers and employees; cooperation is also an essential feature (Edwards 1986, 2003). Employees share an interest with their employer in maintaining the competitiveness of their firm, for example; otherwise their jobs, and hence their livelihoods, are jeopardized (Kelly 1998). The employment relationship is, then, characterized both by cooperation and the potential for conflict (Sisson 2010). The power differential in favour of the employer renders it an essentially exploitative relationship; employers use their superior power to shift the terms of the wage–work bargain in a way that benefits their interests. Employees react to this, often by organizing themselves collectively in trade unions, to combat the imbalance of power. Although cooperation is an important characteristic of the employment relationship, there remains a basic antagonism between employers and employees that generates an inherent potential for conflict (Edwards 1986, 2003).

1.2.2 Regulating work and employment relationships

Clearly, the market plays a part in influencing employment relations, particularly wages, which to varying degrees reflect the outcome of the relationship between the supply of, and demand for, labour. As has been established, however, the employment relationship is best viewed as a dynamic social and economic relationship, rather than just a straightforward market-based transaction. So where do the rules that govern work and employment relationships come from, and how do they operate, if not solely the product of markets? How are matters such as pay, working hours, holiday entitlement, and the extent to which employees are able to influence decisions that affect them at work, determined? The tensions and uncertainties evident in work and employment relationships mean that understanding how they are regulated, in the sense of devising and operating rules that govern them, is a central feature of employment relations as a field of study (BUIRA 2009; Colling and Terry 2010).

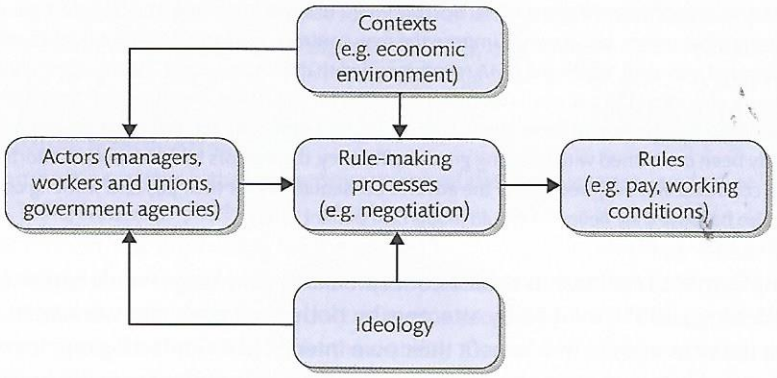

Figure 1.1 A simplified version of Dunlop's systems model

The systems-based approach to understanding employment relations, for example, is concerned with how the rules which govern employment relationships are established (Dunlop 1958). An employment relations system comprises four key elements (see Figure 1.1). First, there are three main groups of actors: managers, workers and trade unions, and governmental agencies. Second, these actors interact within specific contexts, for example the nature of the economic environment. Third, their interaction results in the production of a body of rules ('rule-making') which govern how employment relations operates (e.g. pay, working conditions). Negotiation between managers and unions is an example of a rule-making process. Fourth, an employment relations system is held together by an ideology: a 'set of ideas and beliefs commonly held by the actors that helps to bind or to integrate the system together as an entity' (Dunlop 1958: 16). An example of an ideology would be the preference for non-state intervention, or 'voluntarism', which long dominated employment relations in Britain (see Chapter 3).

The rules-based approach, concerned with the regulation of employment relationships, had a major influence on the development of employment relations as a field of study. It became defined as 'the study of the rules governing employment, together with the ways in which the rules are made and changed, interpreted and administered. Put more briefly, it is the study of job regulation' (Clegg 1979: 1). If the regulation of the employment relationship is so important to developing an understanding of employment relations, how then are the rules generated?

Five main sources of rules which govern work and employment relationships can be identified (see Figure 1.2), although it is important to recognize that the influence of each source will vary according to the context. First, managers attempt to determine the terms of the employment relationship unilaterally, through the use of their prerogative. Exercising control over employees—the terms and conditions of their employment, and their behaviour—is an essential feature of management activity. The concept of managerial prerogative, or the 'right' to manage, is integral to understanding the management of employment relations. It should be understood primarily in ideological terms since it 'reflects an area of decision-making over which management believes it has (and acts as if it does have) sole and exclusive rights of determination and upon which it strenuously resists any interference' (Storey 1983: 102).

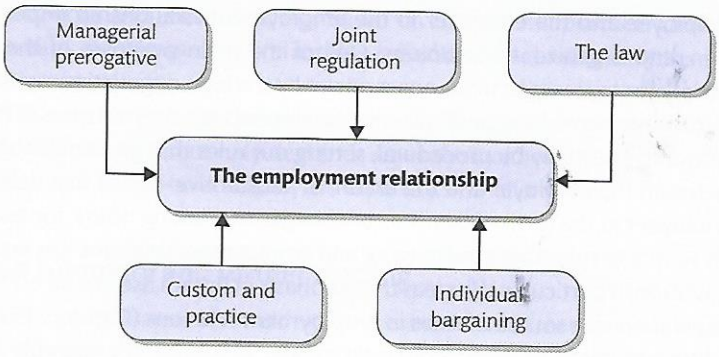

Figure 1.2 Sources of rules in employment relations

What factors influence this belief in the right of managers to exercise control over employment relations? Most obviously, managerial prerogative rests on the role of management as the legitimate agent of the employer—the organization and its shareholder owners. This is supported by statutory obligations that compel managers to undertake their function and operate in the interests of the shareholders. Managerial prerogative is also founded on the belief that managers have the right to exercise control over employment relations by virtue of their abilities, expertise, and leadership skills (Storey 1983: 103–4). The right to manage, then, is important as an ideology, or set of ideas, to which many managers, especially senior ones, subscribe. In practice, though, managerial prerogative is constrained in two important ways.

First, it is necessarily influenced by the characteristics of the organizational environment, such as the state of product and labour markets. Low unemployment levels may oblige managers to improve pay and conditions in order to attract and retain employees. Second, the efforts of workers themselves who, to a varying degree, challenge and contest managerial imperatives often limit the extent to which managers can exercise control in practice (Blyton, Heery, and Turnbull 2011). Thus the nature of the employment relationship itself, as a wage-work bargain, implies that managerial prerogative, though important as an ideology that informs managers' behaviour, is never absolute.

The second source of rules concerns the ability of some workers to influence aspects of their own terms and conditions of employment by engaging in individual bargaining with employers. Given the power differential that exists in the employment relationship, few have the ability to exercise significant influence in this way, though individuals may obtain their employer's consent to relatively minor changes in work arrangements, such as starting and finishing times. Workers who possess particular skills for which there is high demand—in certain types of professional information technology work, for example—enjoy greater power to extract more favourable terms from employers. Perhaps the most obvious example of individual bargaining in practice concerns the activities of top professional sportspeople—footballers and the like—who, because of their exceptional individual talent, can negotiate with prospective employers (i.e. their clubs) from a genuine position of strength.

Third, more commonly (though less so than used to be the case), the rules that govern work and employment relationships are determined by collective bargaining between employers and trade unions, through 'joint regulation'. The unequal balance of power between the

individual employee and the employer in the employment relationship impels employees to combine in, and organize, trade unions. One of the main purposes of these collective organizations of employees is to influence, principally through negotiations with employers, the terms of the wage–work bargain. Collective agreements are the outcome of the collective bargaining process. They may be procedural, setting out rules that govern the bargaining relationship between the employer and the union, or substantive—those that deliver concrete results to employees in the form of pay rises or changes to working hours, for example.

The fourth source of rules that govern work and employment relationships emanates from the state, legislation in particular. Whereas the emphasis in Britain used to be on the desirability of joint regulation as a source of rules in employment relations (Flanders 1974), in recent years legislation has come to exercise an ever greater influence, for example to challenge discrimination (see Chapter 4) or to alleviate low pay (see Chapter 7). Rules that govern work and employment relationships therefore reflect broader societal values, and changes in those values (Sisson 2010).

Fifth, rules are also generated informally through the day-to-day experiences of, and relationships between, managers and workers. Often referred to as 'custom and practice', informal rules are tacitly understood expectations of what is, and what is not, acceptable, and are important features of employment relations (Blyton, Heery, and Turnbull 2011). Numerous workplace studies demonstrate the way in which unwritten, informal, and tacit understandings influence the terms of the wage–work bargain (e.g. Brown 1973; Scott 1994)—see Contesting employment relations 1.2 for an illustration.

Contesting employment relations 1.2: Custom and practice in action

In December 2004, a dispute arose between management and staff working in Post Office Counters, the retail arm of the Post Office, over Christmas opening hours. It was customary practice for staff to cease work at lunchtime on Christmas Eve, even though this had never been put in writing. Managers, however, wanted post offices to remain open until 4.00pm on 24 December, making it more like any other normal working day. They were concerned that the business would suffer if customers went elsewhere to do their last-minute Christmas shopping for stationery products and the like. This example demonstrates the importance of custom and practice rules in employment relations.

These sources of rules do not exist in isolation from each other. Plenty of research studies demonstrate, for example, that the presence of robust joint regulation enhances the effectiveness of legislation designed to protect workers. For instance, workplace health and safety legislation tends to be more rigorously enforced where trade unions are present.

Although it highlights the important role that trade unions often have in influencing managerial decision-making through joint regulation, the rules-based approach to understanding employment relations has a number of related weaknesses (Hyman 1975). First, it tends to concentrate on the formal institutions of job regulation, trade unions and collective bargaining in particular, perhaps to an unwarranted degree (Colling and Terry 2010). Second, following on from this, the rules-based approach implies an emphasis on stability and order in the employment relationship. Dunlop's model, in particular, has been criticized for being too static (Kaufman 2011). The processes by which workplace rules are challenged and changed, and the dynamic nature of the wage–work bargain, influenced as it often is by

informal expectations and understandings based on custom and practice, can be neglected. Third, and perhaps most importantly, the rules-based approach overlooks the way in which the employment relationship, understood as a wage–work bargain, is marked by contention as employees attempt to exercise control over their working lives. A proper understanding of employment relations, then, not only demands an analysis of how the employment relationship is regulated, but also of how employees experience, challenge, and contest the rules.

Section summary and further reading

- The employment relationship should be conceptualized not as a contract, but as a wage–work or effort bargain. This refers to the ongoing process of struggle over the terms of work and employment relationships between an employer, who wishes to convert latent labour power into productive effort, and an employee, who is concerned with increasing the return, in the form of wages and better working conditions, from his or her labour.
- Conceptualizing it as a bargain implies that the potential for conflict is an inevitable feature of the employment relationship. Not only is there is a basic antagonism between an employer and employee, but work and employment relationships are also exploitative, characterized by an imbalance of power between a powerful employer and a relatively powerless individual employee.
- In addition to the influence of the labour market, there are five sources of rules governing work and employment relationships: managerial regulation; joint regulation; individual bargaining; the law; and custom and practice expectations. While the regulation of employment relations is a key feature of employment relations as a field of study, we also need to understand how workers experience and contest the rules.

Both Edwards (2003) and Colling and Terry (2010) are excellent guides to the nature of employment relations. The contributions made by Keith Sisson (2008, 2010: Chapter 3) are also highly recommended.

1.3 Employment relations as a 'field of study'

Employment relations is not an academic discipline in its own right; it is better thought of as a 'field' or an 'area' of study (Edwards 2003; Heery et al. 2008; Sisson 2010). It is multidisciplinary in nature, drawing on concepts and debates from disciplines such as sociology, economics, political science, and law (Colling and Terry 2010; Sisson 2010; Meardi 2014*a*). The origins of employment relations as a field of study can be traced to the nineteenth century. This period saw the first major studies of the trade unions and collective bargaining, for example (Webb and Webb 1920*a*). It was also characterized by significant instances of worker unrest, the causes of which governments and official agencies were anxious to understand (Hyman 1989; Kaufman 2014).

For much of the twentieth century, this was manifest in an emphasis on how the institutions of job regulation, particularly the bargaining role of trade unions, shaped work and employment relationships (Ackers and Wilkinson 2003; Frege 2008). Indeed, the development of employment relations as a field of study 'was part and parcel of a practical and intellectual response to the rise of trade unions and collective bargaining, as central institutions of twentieth century industrial society' (Ackers 2011: 45). Perspectives in this tradition were heavily influenced by the need for a proper historical understanding of the institutions they