

PRACTICE EXERCISE 2

Total: 50 marks (45 minutes)

- 1 Explain the term 'employee representation'. (3 marks)
- 2 Explain one advantage and one disadvantage of employee representation for a business. (6 marks)
- 3 a What is a works council? (3 marks)
b Under what circumstances must a business set up a European works council? (3 marks)
- 4 What is a trade union? (3 marks)
- 5 Explain three functions that trade unions carry out on behalf of their members. (9 marks)
- 6 Explain two benefits of trade unions for employers. (6 marks)
- 7 a What is an industrial dispute? (3 marks)
b Identify three forms of industrial action that trade union members might take during an industrial dispute. (3 marks)
- 8 Why might industrial action have an adverse impact on employees? (4 marks)
- 9 What do the terms 'mediation' (or 'conciliation') and 'arbitration' mean in relation to avoiding or resolving industrial disputes? (5 marks)
- 10 Identify two other methods that might be used to avoid or resolve industrial disputes. (2 marks)

CASE STUDY 2 Thames Water

A good example of the benefits that a partnership approach can bring is demonstrated by Thames Water. The company recognises four unions, and operates in a highly regulated environment. By 1999 it was coming under heavy pressure from the Competition Commission and shareholders simultaneously. The unions suggested that the way forward might be a partnership agreement. As discussions about this progressed, both sides realised that greater employee involvement might be a route by which changes to archaic working practices could be brought about. The central concept is a 'Partnership Forum' with seven directors and seven elected representatives, but the real heart of the partnership is changed approaches throughout the business in terms of the way decisions are taken, which have brought benefits to employees and business alike.

Pay negotiations

One example is the annual round of pay negotiations. In the past this had tended to be a prolonged process of offer and counter-offer, with neither side prepared to



divulge key information. As a result, the negotiations were felt to be antagonistic. The most recent round of pay negotiations was very different. The partnership approach meant that the key information was known to both management and unions as a result of their

shared approach to decision making on a day-to-day basis. Negotiations that had previously taken months were concluded in 2 days.

New shift system

Another example is a change in the shift system, which had previously created an annual £1 million overtime bill. Thames Water had attempted to change the system in the past, but with no success due to a complex system of local agreements and precedents. For the first time, shift workers (assisted by union representatives and

managers) took part in the discussions about possible changes. Over a 3-month period, a new system was agreed that was expected to save Thames Water £380,000 a year, but also gave employees more say over the hours that they worked.

Thus, in both cases, effective employee involvement, facilitated by constructive union support, has brought substantial business benefits as well as helping to improve terms and conditions for employees.

Source: adapted from Simon Harrison, 'Employee-employer relations in the UK', *Business Review*, November 2003.

Preliminary questions

Total: 40 marks (45 minutes)

- 1 Explain two methods of employee representation in place at Thames Water. (6 marks)
- 2 Explain the term 'negotiation'. (4 marks)
- 3 Employees at Thames Water belong to one of four trade unions. Explain three possible benefits to employees of belonging to a trade union. (9 marks)
- 4 The case study suggests that in the past pay negotiation were antagonistic. If they had resulted in industrial disputes, identify and explain three possible actions trade unions might have taken against employers. (9 marks)
- 5 What does the case study suggest are the benefits of employee representation to:
 - a employees of Thames Water (6 marks)
 - b Thames Water itself? (6 marks)

Case study questions

Total: 30 marks (40 minutes)

- 1 'Trade unions are no longer necessary given the increasing emphasis on employee participation and the recent EU Information and Consultation Directive.' Discuss this statement in the context of Thames Water. (15 marks)
- 2 To what extent has the partnership approach between the trade unions and Thames Water effectively avoided or resolved potential industrial disputes? (15 marks)