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Approaches and attitudes of managers to collective bargaining in North East Scotland.

BUCHAN, J.M.

1984

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APPROACHES AND ATTITUDES OF MANAGERS TO COLLECTIVE BARGAINING IN NORTH EAST SCOTLAND

A thesis submitted to the Council for National Academic Awards in partial fulfilment of the requirements for the degree of Doctor of Philosophy.

The research for this thesis was sponsored by Robert Gordon's Institute of Technology. The Confederation of British Industry (Scotland) was a collaborating institution.

JAMES McDONALD BUCHAN

Submitted May, 1984.

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While registered as a candidate for the degree of Doctor of Philosophy I have not been registered for another award of the C.N.A.A. or a university.

In partial fulfilment of the requirements of the degree of Ph.D. I have undertaken a programme of advanced studies which included attendance on postgraduate courses on personnel management and industrial relations at the Business School, Robert Gordon's Institute of Technology.

JAMES BUCHAN

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Abstract

Approaches and Attitudes of Managers to Collective Bargaining in the North East of Scotland

by JAMES McD. BUCHAN

The two main themes of this thesis are, firstly, the development of a typology of management style in the context of British industrial relations and, secondly, the utilisation of this typology in the examination of management and industrial relations in the North East of Scotland.

The typology of management style which was developed in the early part of the thesis threw into relief the basic variations in approach of management to industrial relations, with specific reference being made to the centrality of collective bargaining to establishment industrial relations. Six categories of management style were determined, and the indicators of each category were identified.

The examination of management and industrial relations in the North East of Scotland was based on a survey of 54 establishments in six non-oil related 'traditional' manufacturing industries - food processing, fish processing, textiles, paper-making, manufacturing engineering and fabrication engineering - and four oil related industries - offshore drilling, offshore catering, oil exploration and production, and oil related service/engineering. The nature of management-workforce relations in each establishment was examined, and the management style in each establishment was identified in terms of one of the six predetermined categories, in order that inter-establishment and inter-industry comparisons could be undertaken.

The survey revealed that the nature of industrial relations in the 'traditional' manufacturing sector of the North East economy did not differ, in general, from that portrayed in comparable national studies - collective bargaining was the norm, irrespective of the level or levels of negotiation, the scope of bargaining, and the formality with which industrial relations was conducted. In contrast, the results of the survey demonstrated that the operational nature of the oil related industries was such that industrial relations was predominantly non-negotiatory; however, where collective bargaining was utilised, it was distinguished by the formality with which it was conducted.

Abbreviations

APEX : Association of Professional, Executive and Clerical Staff.

ASB : Amalgamated Society of Boilermakers, Shipwrights, Blacksmiths and Structural Workers (now part of GMBATU).

ASTMS : Association of Scientific, Technical and Managerial Staffs.

AUEW : Amalgamated Society of Engineers.

BIM : British Institute of Management.

BMMA : Bacon and Meat Manufacturers Association.

BPBIF : British Paper and Board Industries Federation.

BSJC : British Seafarers Joint Council.

CBI : Confederation of British Industry.

CEA : Co-operative Employers Association.

CSEU : Confederation of Shipbuilding and Engineering Unions.

EETPU : Electrical, Electronic, Telecommunications and Plumbing Union.

EEF : Engineering Employers Federation.

GMWU : General and Municipal Workers Union (now part of GMBATU).

GMBATU : General, Municipal, Boilermakers and Allied Trades Union.

IPM : Institute of Personnel Management.

IUOOC : Inter Union Offshore Oil Committee.

MNAOA : Merchant Navy and Airline Officers Association.

MWSMEA : Multi Wall Sack Manufacturers Employers Association.

NUDBTW : National Union of Dyers,Bleachers and Textile Workers (now part of TGWU).

NUHKW : National Union of Hosiery and Knitwear Workers.

NUPE : National Union of Public Employees.

NUS : National Union of Seamen.

OCPCA : Oil and Petrochemical Plant Constructers Association.

REOU : Radio and Electronic Officers Union.

SMPS : Scottish Master Printers Society.

SOGAT : Society of Graphic and Allied Trades (now part of SOGAT 82).

SWTEA : Scottish Woollen Trade Employers Association.

TGWU : Transport and General Workers Union.

UCATT : Union of Construction, Allied Trades and Technicians.

UKOOA : United Kingdom Oil Operators Association.

USDAW : Union of Shop, Distributive and Allied Workers.

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CHAPTER 1 :- Introduction

(a) Introduction

The study of industrial relations in Great Britain has developed rapidly in the post-1945 period, both in terms of the quantity and scope of available published material on the subject. However, within the discipline, the predominant theme for research has been the development of trade union organizations and the role of trade union representatives in industrial relations.(1) Comparatively little attention has been given to the part played by management in the British system of industrial relations - a fact recognised by H.A. Clegg, one of the most distinguished authorities in the field of industrial relations research, who has stated:-

"The truth of the matter is that the study of management in industrial relations is in a primitive state." (2) (3)

The impetus for this study stems from a recognition of the need for additional empirically based research on the role of management in British industrial relations in order to provide complementary material to the widespread documentation of trade union activity.

The aim of the study is to develop definitions of the various styles of management which are evident in the field of British industrial relations and relate these theoretical definitions to the empirical evidence of a survey based examination of industrial relations (in general) and management approaches and attitudes to collective bargaining (in particular) in establishments in North East Scotland.

(b) Collective bargaining and Management style

Collective bargaining can be defined, in the broadest terms, as any negotiating relationship between two interest groups - a "conflict resolving process..... between two institutions which have both common and conflicting interests".(4) Specifically, the term collective bargaining is used in the field of industrial relations to describe the relationship between employers and employees based on negotiation between representatives of the two interest groups over the terms and conditions of employment.

In the context of British industrial relations, collective bargaining is a central element, and is the basis of the most common form of relationship between employer and employee (normally represented by a trade union) - the 1978 SSRC Survey(5) listed 90% of manufacturing establishments, employing 95% of manufacturing employment as being involved in some form of collective bargaining and the 1980 DE/PSI/SSRC Workplace Industrial Relations Survey (6) indicated that approximately three-quarters of private sector employees were covered by some form of negotiating relationship between employers and employees. Thus it can be said that in the private sector, and particularly in the manufacturing industries (which is the main industrial sector examined in the survey) collective bargaining is the norm and is at the core of orthodox British industrial relations:-

"..... the process of industrial relations is essentially a process of collective bargaining" (7)

The British style of collective bargaining is characterised by its voluntarism (collective agreements in Great Britain are not normally legally binding - unlike most other countries)(8) and

by the diversity of subject matter covered in the bargaining process and the variety of negotiating levels (establishment, company, national) at which the bargaining process may function.

One main theme of the study is the examination of the extent to which the "British style" of collective bargaining as discussed in existing literature is evident in a specific region of Britain - the North East of Scotland - and to what extent there exist in the region other forms of employer-employee relations. The North East of Scotland, with its diversity of local, national and multinational companies involved in indigenous and incoming industries (particularly the oil industry) is an ideal location for a survey based examination of "traditional" British collective bargaining and the non-traditional alternatives. The survey, on which the study is based will indicate the existence, or otherwise, of collective bargaining in establishments in a number of indigenous and incoming industries and it will also examine the levels at which bargaining activity is carried out and the subjects covered by collective bargaining in the establishments which are party to negotiated collective agreements.

The second main theme of the study is to construct a typology of various categories of management style which are evident in the context of British industrial relations, and relate these theoretical categories to the data obtained in the survey. Most previous research carried out on management style (9) has been limited in scope, either because it has concentrated on management style in larger sized establishments (often in the engineering industry) or because the examination of management style has not been the main theme of study. By examining a number of industries, and by concentrating on

management style as a main area for research, the present study will attempt to provide a comprehensive framework, in order that management style in each establishment examined in the survey can be determined in terms of one of a number of pre-defined categories. To categorise the management style in an establishment is to define the approaches and attitudes of management in that establishment to industrial relations - and a major factor in the definition of categories of management style at establishment level is the centrality, or otherwise, of collective bargaining in establishment level industrial relations.(10) Thus, the two main themes of the study are interdependent for the survey based examination of management and collective bargaining in the establishments in North East Scotland will be related to the theoretically based typology of management style.

(c) The North East of Scotland

A criticism which can be made of industrial relations research in the previous two decades is that it has been geographically biased towards the industrial conurbations of England, and industrially biased towards engineering, at the expense of other geographical areas, and other industries. To an extent, this can be seen to be an indication of the economic, political, and social significance of the medium and heavy engineering industries which had their heartland in the industrialised West Midlands of England. However, the long term decline of these traditional industries has accelerated during the economic recession of the late 1970's and early 1980's, and the reduced importance of this sector - in economic and employment terms - lends additional support to the argument that further studies based in other geographical regions and encompassing

other industries, are required in order to widen the horizons of British industrial relations research.

This study can be viewed as meeting the twin criteria of examining different industries and different geographical regions, as it is based in the North East of Scotland, an area which, in terms of socio-cultural traditions, population distribution, employment profile and level of economic prosperity, contrasts markedly with the industrial conurbations of England and Central Scotland. The diversity of industries located in the North East of Scotland, and the sustained economic growth which the area has experienced at a time of general economic recession due to the rapid development of the North Sea oil industry, makes the region an interesting and relevant location for the study.

The survey base of the study reflects the variety of industries located in the region, and one aim of the study is to examine, compare and contrast management and its approaches to industrial relations in the indigenous "traditional" industries and the incoming oil related industries.

(d) The Survey

The survey was based on information obtained in "face to face" interviews with management in 55 establishments in the "traditional" manufacturing, and oil related industries. These interviews, utilising a semi-structured questionnaire, were conducted in May - October, 1981, and supplementary information was obtained from postal questionnaires which were sent to selected establishments, "face to face interviews with representatives of management and trade union

officials, and telephone interviews. (For a detailed summary of the survey, see Chapter 4). The overall response rate of the survey was significant - 68% of the establishments contacted for interview agreed to be included in the survey, and the distribution of successful interviews was such that a total of six "traditional" private sector manufacturing industries (food processing, fish processing, textiles, papermaking, mechanical engineering and fabrication engineering) and four private sector oil related industries (oil catering, offshore drilling, oil production and oil service/ engineering) were covered by the survey. The wide coverage of industries facilitated inter-industry comparison, both within, and between, the oil related and "traditional" sectors and enabled differences in management approaches to industrial relations in different establishments and industries to be identified and examined.

The survey was limited to the private sector as it was anticipated that it would provide a variety of results not evident in the public sector. Public sector industrial relations are comparatively uniform in terms of the central role given to collective bargaining and the strong national agreements by which it is conducted; there is thus likely to be less variance in the public than in the private sector.

The "traditional" manufacturing sector was examined in the survey because of the diversity of establishment size, ownership and product which was evident in the North East of Scotland; background information on the manufacturing establishments covered in the survey was compatible with similar information presented in national surveys,(11) and thus industrial relations in the North East establishments examined in the survey could be placed in a national

context.

The oil related industries were examined primarily because, although these industries were economically important and possessed a unique, cosmopolitan nature, research on industrial relations in the industries - particularly in the offshore environment - was almost totally non-existent. To have omitted the oil related sector from the survey would have been to miss the opportunity to explore under-researched territory, and, furthermore, would have ignored the fact that the oil related industries are the foundation of the comparative well-being of the economy of North East Scotland.

(e) Summary

The aim of this study is to categorise definitions of management style in British industrial relations, and relate these theoretical definitions to a survey based examination of collective bargaining and management style in a number of industries in the North East of Scotland. This study thus differs from most previous work on management style and collective bargaining as it attempts to relate directly theoretical definitions to empirical evidence from within a specific geographical region, in order to reflect and illuminate the nature of industrial relations in that region.

Introductory Chapter : Footnotes

(1) This is also true of the earlier, seminal works on industrial relations by Sidney and Beatrice Webb , and G.D.H. Cole. Post-war work by B.C. Roberts (1956), H.A. Turner (1962), W.E.J. McCarthy(1964), (1966) and, more recently, by J.F.B. Goodman and T.G. Whittingham (1969), G.S. Bain (1970), Ian Boraston, H.A. Clegg (1976) and Eric Batstone, Ian Boraston and Stephen Frenkel (1977) has continued the emphasis on trade unions.

(2) Clegg, H.A. : The Changing System of Industrial Relations on Great Britain, p.164.

(3) For similar statements see Hawkins, Kevin : British Industrial Relations,1945-75 p.194; and Turner, H.A.; Roberts, Geoffrey; and Roberts, David : Management Characteristics and Labour Conflict, p.1.

(4) Harbison, F.M. and Coleman J.R. :Goals and Strategy in Collective Bargaining.

(5) Brown, William (ed.) : The Changing Contours of British Industrial Relations, p.11.

(6) Brown, William, and Sisson, Keith : "Industrial Relations : The Next Decade". Industrial Relations Journal, Spring 1983, p.11.

(7) Clegg, H.A. : op. cit., p.5.

(8) For discussions of voluntarism, and the wider aspects of the law and collective bargaining, see the work of Otto Kahn-Freund.

(9) See, for example, the work of Alan Fox (1974), John Purcell (1981), Arthur Marsh (1982), P.K. Edwards and Hugh Scullion (1982) and William Brown and Keith Sisson (1983). These works are discussed in chapter 2.

(10) See Clegg, H.A. : op. cit., p.5

(11) Specifically in Brown, William : op. cit.

CHAPTER 2 :- Management Style and Collective Bargaining

(i) Introduction

In the introductory chapter it was stated that the two main themes of this study were to develop a theoretical typology of various management styles in British industrial relations, and to effect a survey based examination of management and collective bargaining in North East Scotland.

In the context of this study, "management style" is a descriptive term for the approaches and attitudes of management to industrial relations in an establishment. It was emphasised in the introductory chapter that the existence and extent of collective bargaining in establishment level industrial relations was a key component in the management style evident in the establishment.

This chapter will examine the interrelationship of collective bargaining and management style, and will develop a typology of management style with reference to collective bargaining as it exists in contemporary British industrial relations.

(ii) Collective bargaining : Characteristics

This section will define the main characteristics of present day British collective bargaining, in order that the following sections on management style can be placed in context. It is not intended to examine the complex historical and structural determinants of present day British collective bargaining, which is beyond the scope of this thesis.(1)

Collective bargaining has been defined as:-

"essentially an adversarial process based upon a pluralist concept of the enterprise, in which management and unions have independent roles".(2)

The "adversarial process" takes the form of negotiations between representatives of management and trade unions. (In a minority of cases there will be no trade union involvement, and employees will be represented by non-union spokesmen). Such negotiations over the terms and conditions of employment are the basis of the most common form of industrial relations in Britain. The 1978 SSRC Survey(3) listed 90% of manufacturing establishments (with 50 or more employees) employing 95% of manufacturing employment, as being involved in some form of collective bargaining, and the 1980 DE/PSI/SSRC Workplace Industrial Relations Survey(4) indicated that approximately three quarters of private sector employees were covered by some form of negotiating relationship between employee and employer. Thus, in the private sector, and particularly in the manufacturing industries (which are examined in the survey which forms a major part of this study) collective bargaining is the norm.

The salient features of British collective bargaining are its basically voluntarist nature; the diversity of issues which are potentially subject to bargaining; and the different institutional levels at which the bargaining process may function.

The voluntarist philosophy which underpins the British system of industrial relations manifests itself in collective bargaining where collective agreements - the mutually agreed outcome of negotiations - are normally arrived at without political and legal intervention or support.

The last twenty years have seen various attempts at direct political intervention in the British system of industrial relations, through legal regulations of the process of collective bargaining - most notable is the ill-fated 1971 Industrial Relations Act -

but such direct intervention has not altered the basic voluntarism of British industrial relations. Similarly, the impact of indirect political action on collective bargaining has become more pronounced in the last two decades - incomes policies and employment legislation of various types have been applied by successive governments but there has been no continuity of effort nor of direction of policy - and no lasting impact on the process of collective bargaining.

At the time of writing the Conservative party is in government, and it is committed to a non interventionist economic strategy - hence at present there is an absence of any overt incomes policy - and pledged to reshaping the nature of British industrial relations by using legislation to limit the power of the trade unions.(5) However, the effect of the present economic recession in reducing the strength of trade unions - both in terms of membership and at the bargaining table (6) - has been far more pronounced than the impact of direct political intervention. The implications of the economic recession for collective bargaining will be examined in greater detail later in the study and at present it is only necessary to note that this factor, in common with other forms of direct and indirect economic, political and legal intervention, has not fundamentally altered the basic voluntarism of British industrial relations in general, and collective bargaining in particular.(7)

The reasons underlying the espousal and continued existence of a voluntarist philosophy in British industrial relations are beyond the scope of this study.(8) However, it is a widely held view(9) that the existence of such a philosophy was a major factor in enabling the development and continued existence of British collective bargaining, in which a diverse range of issues can be regarded as

subject to negotiation, and in which negotiations may occur at one or more of a variety of institutional levels.

Modern day British collective bargaining was first comprehensively examined by the Royal Commission on Trade Unions and Employers Associations (1965-1968). The Commission Report[10] (commonly referred to as the Donovan Report) identified two "systems" existing in tandem in the field of British industrial relations - the "formal" system and the "informal" system.

The formal system,

"Assumes industry wide organizations capable of imposing their their decisions on their members..... (it) assumes that most, if not all matters appropriate to collective bargaining can be covered in industry wide agreements.....(it) restricts collective bargaining to a narrow range of issues".[11]

In contrast, the informal system,

"rests on the wide autonomy of managers in individual companies and factories, and the power of industrial work groups..... (in it) bargaining in the factories is of equal or greater importance..... the range (of bargaining) is far wider, including discipline, recruitment, redundancy and work practices."[12]

The Report concluded that the two systems were "in conflict" and that the informal system was in the ascendancy.[13]

Thus, in the mid-1960's British collective bargaining in the view of the Royal Commission was dominated by workplace bargaining (often informal, and often encompassing a wide range of issues subject to negotiation) which had largely undermined and superceded bargaining at a national level. In his written evidence to the Royal Commission, Allan Flanders could summarise British collective bargaining at the time as being:-

"largely informal, largely fragmented and largely autonomous".(14)

A major recommendation of the Report was that the "informal", "fragmented" and "autonomous" style of bargaining which existed and which was viewed as the causal factor in the prevalence of "unofficial" strike action should be replaced by formal establishment- and company-level bargaining.(15) Events since the Report was published in 1968 have indeed indicated a marked trend towards formal establishment- and company-level bargaining - although it is debatable(16) to what extent this is a direct result of the recommendations of the Report, and to what extent it would have occurred in any event.(17) Present day collective bargaining remains mainly autonomous in nature (The 1978 SSRC/IRRU survey indicated that single employer bargaining was "most important" for 52.9% of manufacturing establishments, employing 67.6% of the manufacturing workforce(18)) but national agreements continue to be of importance in certain industries and in many smaller sized establishments.(19) However, the 'fragmented' and 'informal' character of bargaining has to an extent been replaced by cohesive establishment- or company-level bargaining.

Formalised workplace bargaining - negotiations at establishment level between elected representatives of management and workforce, with the agreed outcome of negotiations embodied in a written agreement - were evident at the time of the Donovan Report(20), and since that date such bargaining has increased markedly. Survey based examinations of establishments in 1971(21) and 1974(22) both indicated that there was a general increase in formality of negotiations, the latter concluding:-

"Regardless of the size of the firm, its organizational structure, or its technology, we found that there was a distinct movement amongst all of them (the establishments) towards a greater formality in the conduct of collective bargaining." (23)

More recent surveys in 1978[24] and 1980[25] have supported this conclusion - but Marsh stressed in the 1980 report that the general increase in formality had masked uneven formalisation in different establishments.[26]

Coupled with the general increase in foramlisation has been a decrease in fragmentation of bargaining, as diverse shop floor agreements evolved into comprehensive establishment or company agreements. The increase in plant and company agreements has been noted by Daniel[27], Brown and Terry[28], Thomson et al.[29], Brown[30], and Marsh [31] with Marsh again adding the cautionary rejoinder that the development towards comprehensive establishment and company agreements was not evident in all establishments, and that progress in that direction had been uneven.[32] Company level agreements remain limited in number in comparison to establishment level agreements[33] and the extent of coverage of both types of agreement varies considerably.[34]

It is evident that collective bargaining in Britain can take a variety of forms, but, as Clegg indicated[35], certain common attributes are identifiable and the identification of the main common attributes - the level of bargaining, the form of bargaining and the scope of bargaining - enables the identification of the nature of collective bargaining in an establishment.

The level of bargaining refers to the level, or levels at which the bargaining process functions. The three main levels at which bargaining may occur are establishment level, company level and national level.

The form of bargaining refers to the nature of the bargaining process itself. The process may be predominantly formal

(negotiations between elected representatives of management and workforce following procedure, and with the outcome of the negotiations embodied in a written agreement) or predominantly informal (ad hoc irregular and without written agreement).

The scope of bargaining refers to the number of issues which are negotiated, or are regarded as being potentially negotiable in the bargaining process. Specifically job related issues of pay and hours of work are the predominant subjects of negotiation, but the bargaining process may cover a comprehensive range of other issues such as welfare and redundancy, and business related issues such as technical change. The scope of bargaining has gradually increased over the last century as management prerogative has decreased.

The above attributes will be utilised in the identification of collective bargaining in the establishments in North East Scotland which will be examined in the survey. The implications for management style of present day British collective bargaining will be discussed in the following sections.

(iii) Management Style : Preliminary Discussion

Management style is, as was recently observed, an "underresearched concept".(36)

However, an examination of relevant work done in this field provides a starting point for the development of a typology of management style.

Fox (1974; p.297-p.313) provided a typology of six "possible patterns of management employee relations". The determinants of the six patterns were the "level of trust" between the two groups and the "frame of reference" in which management and employee perceived the

functioning of industrial relations.

The major shortcoming of Fox's typology - in terms of its relevance for the categorisation of management style - was that it was based on abstract theoretical definitions. The two "frames of reference" - the "unitary" perspective (in which the two sides of industry are assumed to have common goals) and the "pluralist" perspective (in which the two sides are assumed to have conflicting interests) - are, as Clegg indicated, "not commonly found in their pure form" (Clegg 1979; p.163). Fox developed his typology, and the "frames of reference" on which it was based, to illustrate a theoretical sociological examination of work, power and trust relations, and in that context the typology is of relevance. However, in the development of the typology Fox did not incorporate a detailed examination of establishment related factors (e.g. establishment size), workforce related factors (e.g. extent of unionisation) and management related factors (e.g. existence of personnel/industrial relations managers). Fox discussed variations in the nature of management-employee relations without identifying or analysing potential organizational determinants of these variations.

The absence of an analysis of organizational determinants and the fact that the patterns of management employee relations are based on abstract theoretical definitions renders Fox's typology "inadequate" (37) for the categorisation of management styles in British industrial relations.

Clegg, in his seminal work "The Changing System of Industrial Relations in Great Britain" acknowledged the lack of study into management style and industrial relations, but did not attempt to address the problem in detail (Clegg, 1979, 160-164).

Purcell (1981) developed four patterns of industrial relations, using two case study based determinants - the degree of trust between management and workforce, and the extent of formalisation of communication between the two parties. These four "patterns" of industrial relations were termed "adaptive co-operation" (high trust, low formalisation); antagonistic constitutionalism (low trust, high formalisation); co-operative constitutionalism (high trust, high formalisation); and uninhibited antagonism (low trust, low formalisation). The four patterns are of limited applicability to a comprehensive definition of categories of management style as all four are based on the assumptions that the workforce is unionised and that collective bargaining is present. Furthermore, in a case study whereas the extent of formalisation can be assessed objectively by determining the existence of written procedures and formal meetings between elected representatives, an objective assessment of the degree of trust is problematical, involving as it does a measure of subjectivity on the part of observer and participants.

The aim of Purcell's study was to identify and examine the process of "good" industrial relations rather than to define the determinants of management style. The four patterns of industrial relations identified by Purcell facilitate the case study based analysis of the process of industrial relations in highly unionised establishments, but are inappropriate for the categorisation of management style in a survey based examination encompassing both unionised and non unionised establishments.

Marsh (1982) listed eighteen "company styles" in employee relations (p.209). The listed styles were not mutually exclusive (i.e. a company could exhibit one or more of the "styles") and Marsh did not attempt to define or identify the determinants of the "styles", which

were thus merely labels, and of only superficial relevance to an examination and categorisation of management style.

Edwards and Scullion (1982) included in their study of industrial conflict an analysis of the relationship between different patterns of conflict and the degree of management control, based on detailed case study observation of seven industrial establishments. The study which underlined the complexities inherent in an examination of the causal factors of the various forms of industrial conflict (chapter 1), incorporated a discussion of the nature of management control in the seven establishments, and the authors attributed a different "style" to each management (chapter 2). These seven styles cannot be utilised for typological purposes as each related directly to a specific observed management, and was not identified utilising a common set of determinants. However, the study is of relevance to the development of a typology of management style because of the broad conclusions made as to the relationship between the level of industrial conflict and the frontier of control between management and workforce - it was concluded that in general a high degree of workforce control correlated with a high incidence of industrial action (Edwards and Scullion, p.224, p.254).

Brown and Sisson (1983) in a discussion paper on current and future trends in British industrial relations noted the lack of research into management style, and for the purposes of their paper provided four "simple categories" of management style. This categorisation, which was not intended to be detailed or comprehensive, provides only an outline description without an examination of determinants, but does emphasise the direct relationship between management style and collective bargaining (Brown and Sisson, p.11).

The common feature of the above studies is that the examination of management style was peripheral to the main area of study. The absence of a detailed consideration of management style limited the relevance of the typologies of management style which were developed in these studies, and restricted their applicability in the examination and categorisation of the varying approaches of management to establishment level industrial relations. None of the studies contained a comprehensive typology of management style in British industrial relations. Fox (1974) provided the fullest categorisation, which he himself admitted (p.216) was not exhaustive, and which, because of its theoretical base is of limited use in categorising actual establishment level industrial relations (see Purcell [1983]); and none of the studies examined in detail the determinants of the varying approaches of management to industrial relations. Purcell (1981) examined in greatest detail the determinants of establishment level industrial relations, but restricted his examination to highly-unionised engineering establishments and thus limited the scope of his work). It will be necessary to correct these shortcomings in order to enable the development of a typology of management style which has a universal applicability in the context of British industrial relations, and which is based on a common set of determinants.

The development of a comprehensive typology of management style can be facilitated by examining the interrelationship of three basic determinants of the approach and attitude of management to establishment industrial relations.

(iv) Management Style : Determinants

The aim of this section is to facilitate the development of a typology of management style by identifying the determinants of the differing approaches to industrial relations, and by discussing the general attitudes which underlie these approaches.

It is not intended to examine in detail the attitudes of managers as individuals,(38) for the aim is to identify the organizational determinants of management style, rather than to concentrate on an examination of specific individuals which would ignore the fact that the attitudes of individual managers will not be necessarily related to the industrial relations of the establishment.(39)

The development of a comprehensive typology of management style can be facilitated by examining the interrelationship of three basic determinants of the approach and attitude of management to establishment level industrial relations:- the use, or non use of collective bargaining; the extent of formality of the relationship between management and the workforce; and the degree of centrality of collective bargaining in the industrial relations of the establishment.

The use, or non use of collective bargaining in the relationship between management and workforce is a fundamental determinant of the approach of management to industrial relations. Establishment level industrial relations will either involve a degree of collective bargaining between representatives of the management and the workforce, or will be conducted in a non-bargaining environment - hence the management style will be basically either negotiatory or non-negotiatory. In the context of British industrial relations the negotiating style of management predominates (In chapter 1 it was stated that the IRRU/SSRC survey (Brown, 1981) indicated that 95% of manufacturing

establishments employing more than 50 workers were party to some form of bargaining for manual workers, and the DE/PSI/SSRC survey indicated that three quarters of all private sector employees' wages were calculated by "some form of arrangement between management and trade unions." (Brown and Sisson, 1983, p.11)).

The approach of management to industrial relations is thus basically either negotiatory or non-negotiatory; similarly, it will be basically either formal or informal. The extent of formality of the relationship between managment and the workforce, which was utilised by Purcell (1981) as an indicator of the nature of establishment level industrial relations is a determinant of management style. The management style in an establishment will be basically either formal (based on written procedures, formal channels of communication and, where negotiations take place, on formal negotiation procedures with written and signed agreements) or informal (ad hoc and informal, with little or no use being made of formalised channels of communication). It is not possible to determine the extent of existence of the formal and informal styles, other than to note that recent evidence (Brown (1981) chapter 7; Marsh (1982) chapter 10) suggests that informality in industrial relations has, to an extent, been replaced by formality.

The third determinant of management style, which was defined as the centrality of collective bargaining in establishment level industrial relations, can be illustrated by utilising Fox's "pluralist" and "unitary" frames of reference (Fox, 1974).

The pluralist frame of reference is based on the acknowledgment (often implicit) and acceptance (perhaps unconscious, perhaps tacit) of the existence of different interest groups within the system of industrial relations - from a management perspective this normally

implies the recognition of trade unions as legitimate and independent representatives of the interests of the workforce. The existence of different legitimate interest groups (i.e. management and workforce representatives) with different aims and objectives, creates a process of industrial relations which is essentially adversarial, and in which there is the inherent potential for intergroup conflict. This intergroup conflict is accommodated by "institutionalization through collective bargaining".(40) Thus in the pluralist frame of reference industrial relations is regarded as being fundamentally adversarial and negotiatory, and the role of collective bargaining is viewed as being central to the functioning of the system - in the pluralist frame of reference, industrial relations is based on collective bargaining.

In contrast to its central role in the pluralist frame of reference, collective bargaining is either not present, or is of limited relevance to industrial relations in the unitary frame of reference. In the unitary frame of reference, the adversarial negotiation which is integral to the pluralist frame of reference is eschewed, and "emphasis is placed on the common objectives and values said to unite all participants." (41) From a management perspective, the espousement of such a philosophy indicates a desire by management to retain the prerogative in the establishment. In order to sustain such a position management may be required to undertake action, either positive (accommodating worker aspirations by non-negotiatory means) or negative (stifling worker aspirations by coercion), but in other instances the desire of management to retain control may be facilitated by the existence of a workforce which is unwilling to challenge management prerogative.(42)

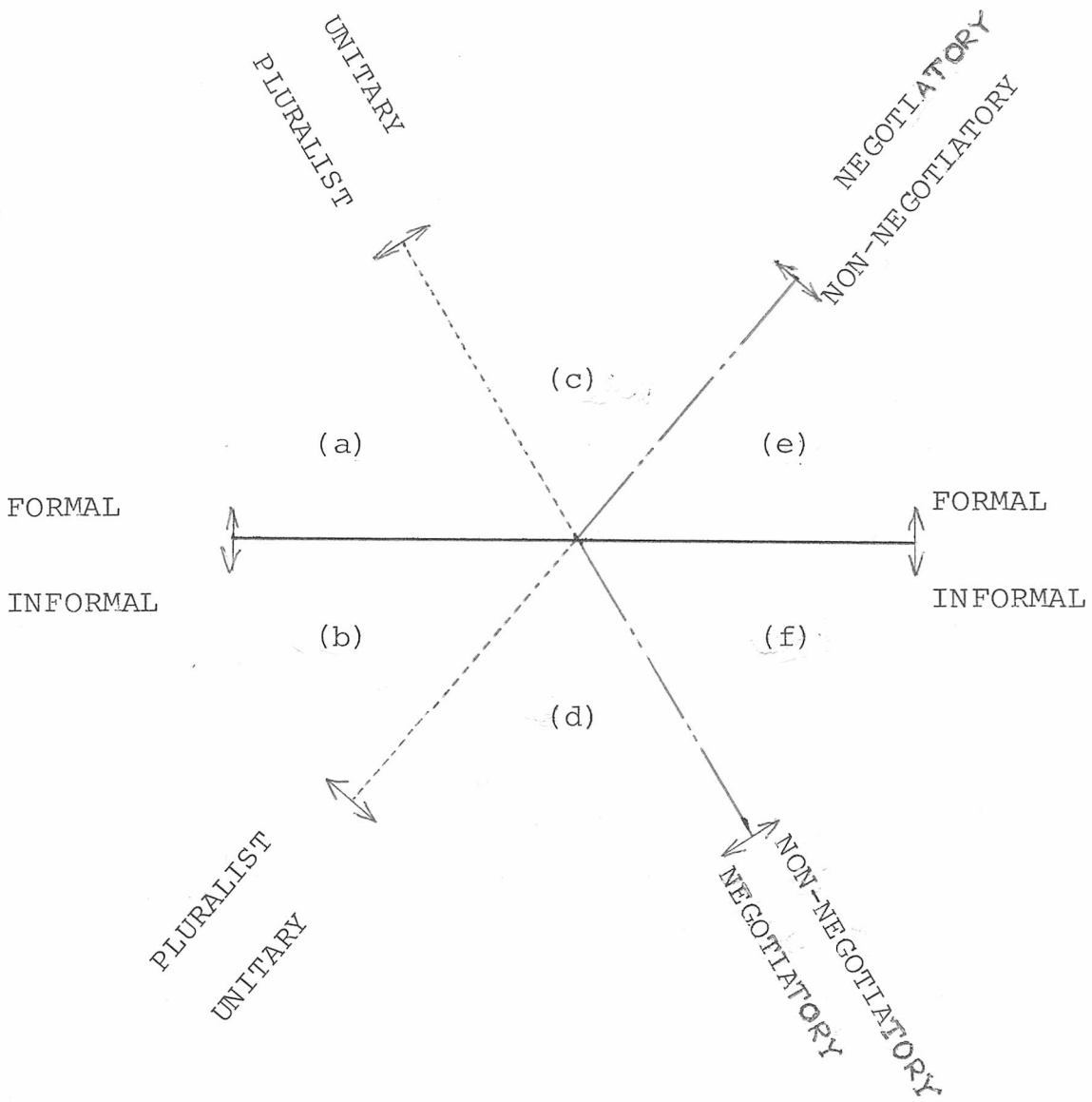
Whilst allowing for the fact - which Fox himself acknowledged (Fox, 1974, p.251) - that the two frames of reference represent theoretical extremes of a multitude of less polarised realities, the approaches and attitudes of management to industrial relations in an establishment can be illuminated in terms of either the pluralist or unitary frames of reference.

(v) Management Style : A Typology

The three determinants of management style which have been identified - the use or non use of collective bargaining; the extent of formality of the relationship between management and the workforce; and the degree of centrality of collective bargaining in the industrial relations of the establishment - function as parameters of a theoretical typology of management style in British industrial relations. These parameters serve as the framework of a simple model of the typology of management style, which can be illustrated diagrammatically (see Figure A), and which delineates six categories of management style.

This theoretical typology of management style maintains a significant distinction between categories, and is comprehensive and universal in its applicability in the context of British industrial relations - the approach and attitude of management to industrial relations in an establishment can be identified in terms of one of six defined categories of management style - functional negotiatory; superficial negotiatory; consultationary; traditional; autocratic; and sophisticated paternalist. (It should be noted that some of these descriptive terms have been utilised in previous works. For example, both Fox (1974) and Brown and Sisson (1983) made use of, and provided differing definitions of the term "sophisticated paternalist". The terms used in this study apply only to management style as defined and categorised in this study and do not specifically relate to previous definitions).

FIGURE A:THEORETICAL TYPOLOGY OF MANAGEMENT STYLE.



(a) Functional Negotiatory:-Formal,Pluralist,Negotiatory

(b) Superficial Negotiatory:- Informal,Pluralist,Negotiatory

(c) Consultationary:- Formal,Unitary,Negotiatory

(d) Traditional:- Informal,Unitary,Negotiatory

(e) Sophisticated Paternalist:- Formal,Unitary,Non-negotiatory

(f) Autocratic:- Informal,Unitary,Non-negotiatory

The six categories of management style have been delineated by utilising a theoretical framework; by examining the distinctive features of each category, detail and substance can be added to the model of the typology of management style.

(a) Functional Negotiatory

The functional negotiatory management style utilises collective bargaining as the basis of a planned establishment or company level policy for conducting adversarial industrial relations with a unionised workforce. The positive approach and attitude to collective bargaining and industrial relations which this management style demands is reflected in the existence of regular and formal meetings between management and workforce representatives, and is sustained by the development of personnel and industrial relations expertise in the management team - achieved by the employment of industrial relations specialists, or by conducting training courses in industrial relations for line management, or both. In negotiation, emphasis is placed on sound preparation, formal bargaining and written agreements. (43). Management is committed to creating and maintaining a stable relationship between themselves and the workforce at the establishment, based on professionally conducted collective bargaining and underpinned by regular meetings between representatives of the two groups. At its most refined level, the functional negotiatory style is embodied in the constitutional framework of the company (44) and industrial relations is regarded as a subject of sufficient importance to merit specific corporate level planning - two examples of such companies are STC (45) and the Ford Motor Company of Great Britain.(46)

(b) Superficial Negotiatory

The superficial negotiatory management style accepts - often grudgingly - the unionisation of the workforce and the existence of collective bargaining arrangements with the workforce, but does not attempt to utilise collective bargaining as the foundation of a strategy for the regulation of the adversarial industrial relations inherent in a negotiatory approach.

In contrast to the functional negotiatory style, which contains a strategic element, the superficial negotiatory style conducts industrial relations purely on a tactical level - it is a reactive, rather than a proactive, approach to industrial relations.(47) Industrial relations is dealt with in a primarily informal manner - formal negotiation is regarded as a "one off" event, a hurdle to be surmounted in an approach to industrial relations which is fundamentally ad hoc - with little or no reliance on formal channels of communication, or development of management expertise in industrial relations. In such circumstances it is likely that management prerogative will be undermined by the constraints of "custom and practice" (48) - the unwritten rules regulating work and employment (e.g. job demarcations, overtime allocation) which are accepted, but not instigated, by management.

The superficial negotiatory management style essentially represents a continuation of the "informal system" of industrial relations outlined in the Donovan Report.

(c) Consultationary

In the context of British industrial relations, consultation is normally regarded by both management and trade unions as a minor appendage to adversarial collective bargaining - the term consultation normally

refers to the "post decision" communication of information to the workforce,[49] and in general both management and unions have regarded with a somewhat jaundiced eye the attempts to develop consultation as a more participatory form of industrial relations.

In the 1970's management viewed pressure for participatory consultation - most notably from the Bullock Commission[50] - as a politically motivated attempt to reduce the management prerogative. Although political pressure for such industrial relations reform evaporated with the election of a Conservative government in 1979, the memory of this attempted imposition has remained, and management are wary of any further politically inspired industrial relations legislation - this is seen in the hostile reaction to the Fifth Directive of the European Economic Community, which seeks to create worker directors in all large industrial enterprises.

British trade unions are also"highly suspicious of consultation systems"[51] regarding them as management led "talking shops" which ultimately reduce the effectiveness of the union in the workplace by limiting its independence of action and diverting the focus of establishment level industrial relations from a bargaining based relationship to a consultative based relationship. Trade unions are also wary about becoming involved in shouldering part of the responsibility of management decision making, as this would compromise their independence.

A minority of British based companies have been able to surmount the above mentioned problem of distrust and suspicion and have created a formal system of participatory negotiation, which comprises a mixture of collective bargaining and consultation, with 'hard' bargaining limited to job related issues of pay and hours of work.

This "consultationary" management style is more common in some European countries - Sweden and West Germany are two examples - where it is a traditional and integral part of the system of industrial relations. In Britain the consensus based industrial relations of the "consultationary" approach is an artificial concept which clashes with the traditional conflict based role of free collective bargaining, and hence the implementation of a consultationary management style demands persuasiveness, commitment and expertise.

A number of British companies [52][53] have made some progress towards utilising consultation in establishment level industrial relations but, in most cases, the extent to which consultation has been introduced has not significantly altered the traditional adversarial approach to conducting industrial relations.

Among the companies which have succeeded in replacing adversarial industrial relations with consensus are Inmos[54] and some of the Japanese owned electronics factories such as Toshiba and Sanyo.[55]

The implementation of the consultationary management style would be difficult in establishments where the adversarial approach to industrial relations is well developed and entrenched. The consultationary management style is more likely to succeed where it has been evident since the inception of an establishment, or where it had been implemented in an establishment without a history of adversarial industrial relations.

(d) Traditional

The traditional management style is characterized by the patriarchal attitude, and informal and instructive approach, of management to industrial relations. Such a style can develop where management and

workforce are close knit and on first name terms, ("gaffer and man") especially when ownership of an establishment has been retained in the hands of succeeding generations of one family.

The traditional management style is based to a great extent on the reciprocation by the workforce of the desire of management to retain the ascendancy in an informal relationship in which management prerogative is tempered only by an instinctive benevolence. As such the traditional style depends on the existence of a workforce which is susceptible to accepting a subordinate role in establishment level industrial relations. The determinant characteristics of such a "deferential" workforce have been well documented,(56) the salient features being that the establishment is normally of relatively small size and has been situated in a particular location for a considerable period of time; that this location tends to be in a rural or small town environment; and that there be a negative or equivocal attitude towards trade unionism amongst the workforce (Management is normally similarly lukewarm towards trade unionism). The role of collective bargaining in the traditional management style is restricted, and negotiations are not truly adversarial, because the relationship between management and workforce is fundamentally unequal - the dominant role of management in industrial relations is facilitated and engendered by the weakness of establishment level trade union organization.(57)

The continued existence of a traditional management style in an establishment is as dependent on the indifference of the workforce to the role of the trade unions, or on the inability of trade unions to effectively organize the workforce, as on any positive measures undertaken by management to sustain the style.

(e) Sophisticated paternalist

The sophisticated paternalist management style is based on the desire of management to retain control within an environment in which all employees - management and worker - are united in co-operative effort. The intention is to avoid creating a relationship in which the two sides of industry ("them and us") are readily identifiable. In order to achieve this objective, management makes a strong commitment to the role of the personnel function in creating a stable, loyal, and compliant workforce. Selective recruitment practices, employee counselling and in-service training are utilised;(58) attention is given to creating a pleasant work environment; emphasis is placed on the role of supervisors and middle management in maintaining a "one to one" relationship with workers;(59) and additional techniques such as single status employment and profit sharing may be used. The overall emphasis is on the "welfare" of the workforce.

The above methods are not employed exclusively by management committed to a sophisticated paternalist approach; what differentiates the sophisticated paternalist style is that, rather than being adopted in a piecemeal fashion to supplement a different approach to industrial relations, these methods form the basis of a comprehensive and detailed employment relations policy designed to sustain a non-negotiatory relationship with the workforce as individuals and pre-empt demands for unionisation.

The philosophical roots of the sophisticated paternalist management style lie in the "human relations" approach first outlined by Elton Mayo,(60) which remains prominent, in a refined version, in the United States of America. Many of the techniques utilised in the sophisticated paternalist style follow on from the basic tenets

of the human relations approach, and are outlined in a considerable number of American management textbooks.(61) The American influence is underlined by the fact that a number of establishments in Britain at which a sophisticated paternalist style is present are branch factories of American mutlinationals - IBM is one example.(62) British companies, such as Marks and Spencers,(63) have also adopted a sophisticated paternalist approach.

The sophisticated paternalist management style is basically pro-active, its raison d'etre being to prevent unionisation and collective bargaining (both of which are regarded as potentially disruptive influences in a carefully planned employee relations system) in a premeditated and predetermined manner demanding considerable resources to maintain.

(f) Autocratic

The "autocratic" management style is characterised by the desire of management to retain complete control over all aspects of work and the work environment, including industrial relations. The attitude of management towards both trade unionism and collective bargaining is negative, and may be overtly hostile. Unionisation is perceived by management as leading to collective bargaining, which in turn is viewed as restricting managements prerogative to manage; if necessary management will use coercion to prevent unionisation of the workforce. In the absence of collective bargaining there is no attempt by management to create any alternative form of communication with the workforce - management is by decree, and little value is placed in the personnel function.

The "autocratic" management style is comparatively rare in present day British industrial relations, and when its existence is publicised it can rapidly attain the position of a cause celebre - one recent example is the Grunwick dispute.(64) It is more common in certain other industrialised countries, such as the United States of America, and it occasionally manifests itself in bitter disputes over trade union recognition at branch factories of American companies in Britain - Caterpillar and Roberts-Arundel being two examples.(65) The development of the oil industry in the North East of Scotland has seen the appearance in the region of an American based variant of the "autocratic" management style - more flamboyant, but similar in its anti-union stance and desire for complete control. The nature of the oil industry can engender a particularly individualistic philosophy, with overtones of a 'macho' frontier spirit, which is vividly embodied in the following description of an American manager who was involved in the North Sea oil industry:-

".....all administrators, personnel officers, public relations men and non-engineers he regards as 'tits on a bull'..... Scottish trade unions (he regards as) 'a strike looking for somewhere to happen'....." (66)

Such attitudes underlie a 'shoot from the hip' approach to management which was prevalent in the first phase of offshore oil exploration in the early- and mid-1970's(67) and which persists in some quarters to the present day - witness the events in May, 1983 when a group of North Sea divers who staged a 'sit in' on an oil rig in order to publicise grievances were summarily dismissed.(68) This abrasive approach to industrial relations, coupled with the identifiable differences in cultural background, language and dress

(many American managers involved in the offshore oil industry affect a "uniform" of check shirt, jeans and cowboy boots) can serve to alienate British workers - and on occasion British management. (In 1983 an official of the Engineers and Managers Association complained of the presence of "offshore walk on water wonder boys" contracted to work as managers in a British shipyard).(69)

In contrast to the sophisticated paternalist management style, which is subtle, planned and premeditated in its anti-union, non-negotiatory approach, the autocratic management style is coercive, instinctive and inherently reactive - where the sophisticated paternalist management makes use of the "carrot", the autocratic management employs the "stick".

In general, the autocratic management style is not of great significance in national terms, and care must be taken not to exaggerate its overall impact, but the location of the oil industry in the North East of Scotland has undoubtedly led to such a style becoming more prevalent in the area.

In summary, the main features of the typology of management style which have been revealed in the detailed examination of the six categories are as follows:-

(A) The approach of management to industrial relations is essentially either strategic, or non strategic, and the recognition or non-recognition of trade unions is a fundamental factor in establishment industrial relations.

The dichotomy between strategic and non strategic management styles can be illustrated by examining the extent of management commitment, in terms of manpower and planning, to the process of industrial relations. Three of the defined categories of management

style - formal negotiatory, consultationary and sophisticated paternalist - are identifiable as strategic styles, for each is characterized by the desire of management to develop and maintain industrial relations expertise and conduct industrial relations in a pro-active manner. An essential feature of the three categories is that they are created styles of management - pragmatic attempts to regulate and control industrial relations in the establishment, demanding planning and requiring sustained commitment for their continued existence.

The three other management styles are, in contrast distinguished, by a lack of commitment, in terms of specialised manpower, to industrial relations, and by the instinctive, basically reactive approach of management to industrial relations. Whereas the functional negotiatory, consultationary, and sophisticated paternalist management styles are created, the superficial negotiatory, traditional, and autocratic styles are crescive - non-strategic, unpremeditated and fundamentally ad hoc.

The unionisation, or non unionisation of the workforce is a feature directly related to management style. The raison d'etre for the sophisticated paternalist and autocratic styles of management is avoidance of recognition of independent trade unions and prevention of collective bargaining - hence a feature of the above two categories of management style will be a workforce which is not unionised to a significant extent. The four other categories of management style - functional negotiatory, superficial negotiatory, traditional and consultationary - are characterized by an element of collective bargaining, which normally indicates that management recognise trade unions (There are a minority of exceptions to this general rule, where collective bargaining occurs between management

and a non unionised workforce). The extent of unionisation will vary, but recognition of trade unions as independent representatives of the workforce will be a basic feature of these four categories of management style.

(B) The relationship of management with the workforce is either predominantly formal or predominantly informal, and the role of collective bargaining varies in relation to the style of management.

Three categories of management style - functional negotiatory, consultationary, and sophisticated paternalist - utilise formal channels of communication in dealing with the workforce, either collectively (functional negotiatory, consultationary) or as individuals (sophisticated paternalist) and follow defined procedure in conducting industrial relations. In contrast, the three other categories make little use of procedure and formality in an ad hoc approach to dealing with the workforce, collectively (superficial negotiatory) or as individuals (autocratic, traditional).

Collective bargaining is central to the functional negotiatory and superficial negotiatory management styles, its role being to regulate an adversarial system of industrial relations. In the consultationary and traditional management styles, the role of collective bargaining is restricted; in the consultationary style collective bargaining is supplemented, and to an extent supplanted, by non-negotiatory consensus based consultation; and in the traditional style the function of collective bargaining is limited - the dominance of management and the acquiescence of the workforce in a non-adversarial "one to one" relationship undermines the role of negotiation. Sophisticated paternalist and autocratic management styles are characterized by the absence of collective bargaining

from industrial relations - there is no negotiation, and no relationship with the workforce as a collective unit.

The main features of the typology of management style, outlined above, are listed in Table 2.1.

(vi) Management Style : Indicators

The aim of this section is to determine a set of indicators of management style, derived from the features of management style outlined in the previous section, in order that data obtained from empirical surveys of establishments can be utilised in the categorisation and comparison of management style.

In determining the indicators of management style, the objective is to examine how the existence, in an establishment, of a defined category of management style is signalled in terms of identifiable attributes of establishment industrial relations. The identification of these attributes of establishment industrial relations can be achieved by examining how the main features of management style, outlined in the previous section, and listed in Table 2.1, are manifested in an establishment, in relation to a specific category of management style.

(a) Functional Negotiatory

The functional negotiatory management style is based on a formal bargaining relationship between management and workforce, which of necessity demands commitment from both management and workforce to developing expertise in the conduct of industrial relations.

Management approach to industrial relations :- strategic; trade unions recognised.

TABLE 2.1: MAIN FEATURES OF MANAGEMENT STYLE.

Management Style	Management Approach to Industrial Relations	Management Relationship with Workforce
Functional Negotiary	Strategic, Unions recognised	Collective, Formal, Bargaining
Superficial Negotiary	Non-Strategic, Unions recognised	Collective, Informal, Bargaining
Consultationary	Strategic, Unions recognised	Collective, Formal, Restricted Bargaining
Traditional	Non-Strategic, Unions recognised	Individual, Informal, Restricted Bargaining
Sophisticated Paternalist	Strategic, Unionsnot recognised	Individual, Formal, Non-Bargaining
Autocratic	Non-Strategic, Unions not recognised	Individual, Informal, Non-Bargaining

The strategic approach of management will be indicated by the existence of either general management with industrial relations training, or, more probably, specialist industrial relations/ personnel managers (or both). The recognition of trade unions by management will be indicated by the fact that the workforce is unionised to a significant extent.

Management relationship with workforce:- collective; formal; bargaining.

The formalised relationship with the workforce as a collective unit (or units) will be indicated by the existence of regular and formal meetings between management and elected representatives of the workforce and by well organised union representation at establishment level, controlled by a shop stewards committee or similar governing body; the positive commitment of management to sustaining a formal relationship with a unionised workforce may result in the existence of a closed shop agreement between management and trade union.

Collective bargaining will be the basis of the relationship between management and the unionised workforce, conducted in a formal manner following procedure and with the agreed results of bargaining encapsulated in written agreements.

(b) Superficial negotiatory

The superficial negotiatory management style is a basically informal, bargaining relationship between management and workforce.

Management approach to industrial relations - non-strategic; trade unions recognised.

The non-strategic approach to industrial relations, and the lack of commitment of management to developing a specific, planned industrial relations policy will be reflected in the low priority given by management to developing industrial relations expertise. It is unlikely that industrial relations specialists will be present, or that industrial relations training will be given to line management.

The workforce will be unionised to a significant extent.

Management relationship with workforce - collective; informal; bargaining.

The informal ad hoc relationship with the workforce as a collective unit (or units) will be based on irregular and/or informal meetings with representatives of the workforce. The absence of formal, regular meetings will be reflected by a comparatively poorly organised establishment level trade union representation.

Collective bargaining - often conducted informally with little use of procedure or written agreements - will be the basis of the relationship between management and unionised workforce.

(c) Consultationary

The consultationary management style is characterized by the use of both formal consultative methods and formal negotiation, integrated in a planned policy for the conduct of industrial relations.

Management approach to industrial relations - strategic; trade unions recognised.

The commitment of management to a planned and integrated policy of negotiation and consultation will be indicated by the presence of industrial relations/personnel specialists in the management team. In addition, it is likely that line management will receive training in consultative industrial relations techniques.

The workforce will be unionised to a significant extent.

Management relationship with workforce - collective; formal; restricted bargaining.

The implementation of a consultationary management style entails restricting the role of collective bargaining in favour of a consultative approach to industrial relations with a unionised workforce, and demands the commitment of both management and workforce. The relationship between management and workforce will be based on extensive consultation with elected representatives of the workforce, and workforce involvement, in terms of regular and formal consultative committees, works councils, quality control groups, etc.

Professionally conducted formal collective bargaining, following procedure and with written agreements will function in a supplementary role.

(d) Traditional

The 'traditional' management style is characterized by an informal "gaffer and man" relationship between management and workforce, with a veneer of collective bargaining.

Management approach to industrial relations - non-strategic; trade unions recognised.

Management conducts industrial relations in an instinctive and ad hoc manner, based on a patriarchal and informal "one to one" relationship with the workforce. In such circumstances, there is no value placed in, or management commitment to, the development of specialised expertise in industrial relations; because of this there will be an absence of specialist personnel or industrial relations managers, and it is unlikely that line management will be provided with industrial relations training.

Trade unions are - somewhat grudgingly - recognised by management, and the workforce will be partially unionised.

Management relationship with workforce - individual; informal restricted bargaining.

The close informal partiarchal relationship with the workforce as individuals, which develops over time where management is dominant, and workers deferential, is indicated by the absence, or non-use of formal channels of communication - meetings between management and elected worker representatives will be infrequent; and the equivocal attitude of the workforce to trade unionism will be reflected by poorly organised and ill-supported establishment level trade union representation.

Collective bargaining between management and workforce will be restricted - undermined by the dominant management and by the poorly represented and deferential workforce.

(e) Sophisticated paternalist

The sophisticated paternalist management style is based on a formal, welfare orientated approach to industrial relations.

Management approach to industrial relations - strategic; trade unions not recognised.

Management follows a policy of providing a package of pecuniary and non financial incentives designed to create and maintain a stable loyal workforce, and calculated to pre-empt demands for union-isation and prevent pressure for negotiation. Management commitment and expertise, indicated by the presence of specialist personnel management and by the use of industrial relations orientated training courses for line management, are required to sustain such an approach.

The recognition of trade unions is avoided, primarily for pragmatic reasons - dealing with the workforce as separate individuals is a precept of the sophisticated paternalist approach. The workforce will not be unionised to a significant extent.

Management relationship with the workforce - individual; formal; non bargaining.

The formalised relationship with the workforce as individuals will be indicated by the use of written procedure by management in conducting industrial relations. There is no collective relationship with the workforce - workers and their problems are dealt with primarily at an individual level.

Collective bargaining is not a feature of industrial relations in an establishment with a sophisticated paternalist management.

(f) Autocratic

The autocratic management style is characterized by the retention by management of complete control over all aspects of work at the establishment.

Management approach to industrial relations - non-strategic; trade unions not recognised.

Management is opposed to both recognition of trade unions and collective bargaining - management views both as threats to continued existence of management prerogative. No attempt is made by management to develop a planned policy for conducting industrial relations - the management approach is reactive and ad hoc, and no commitment is made to developing industrial relations expertise. There will be a lack of industrial relations training for line management, and an absence of specialist personnel or industrial relations management.

Trade unions are not recognised by autocratic management - in certain instances management will react in an overt and coercive manner to prevent trade union recognition; in other instances, the 'deferential' attitude of the workforce will enable the continuance of an autocratic management. The workforce will not be unionised to a significant extent.

Management relationship with workforce - individual; informal; non-bargaining.

The relationship of management with the workforce is characterized by an absence of formality and procedure - there is little respect for the workforce as individuals, and no attempt is made to solicit or cater for their wishes. There are no vestiges of a collective, or of a formal relationship with the workforce.

Collective bargaining is not present in an establishment with an autocratic management.

The indicators of the six defined management styles(functional negotiatory, superficial negotiatory, consultationary, traditional, sophisticated paternalist, and autocratic) are summarised in Table 2.2.

TABLE 2.2:INDICATORS OF MANAGEMENT STYLE.

Management Style	Management	Workforce
Functional Negotiary	Specialist I.R/ Personnel function	Highly Unionised (closed shop?)
Superficial Negotiary	Non-specialist	Unionised
Consultationary	Specialist I.R/ Personnel function	Unionised
Traditional	Non-specialist	Unionised
Sophisticated Paternalist	Specialist I.R/ Personnel function	Non-Unionised
Autocratic	Non-specialist	Non-Unionised

Management relationship with Workforce	Collective Bargaining
Regular, formal meetings with shop stewards committee or equivalent	Extensive, written agreements utilised
Irregular/informal meetings with elected worker representatives	Utilised
Regular joint consultation between management and elected worker representatives	Limited, written agreements utilised
Informal "gaffer and man" relationship	Limited
Formal	Not utilised
Informal	Not utilised

(vii) Management Style : Establishment Correlates

In the previous section the management approach to industrial relations, and the management relationship with the workforce were examined, in order to identify the indicators of management style - the characteristics of establishment industrial relations which indicated the existence of a specific category of management style. In contrast, this section is to an extent speculative, as it outlines characteristics of the establishment which, it is anticipated, will correlate with a specific identified management style.

Establishment size

A basic feature of any establishment, and one which has a fundamental effect on establishment level industrial relations is the size of the establishment, in terms of the number of employees (see Clegg (1979), p.164).

The incidence of a number of the indicators of management style determined in the previous section is directly related to the size of the establishment. The extent of formalisation of industrial relations,(70) the extent of unionisation of the workforce,(71) the degree of organization of establishment level trade union representation,(72) and the extent of industrial relations specialization in the management team(73) have been shown to increase in relation to increasing establishment size. The management styles which are indicated by some, or all, of these indicators (functional negotiatory, consultationary, sophisticated paternalist) are thus more likely to be evident in comparatively large sized establishments. Conversely, the management styles not associated with these indicators (superficial negotiatory, traditional, autocratic) will predominate in comparatively small establishments.

Establishment ownership and control

Ownership and control of larger establishments are normally separate and distinct:-

"It is the divorce of ownership and control..... that has characterized the twentieth century development of capitalist enterprise." (74)

In such circumstances, the impact of ownership on management style is insignificant, the professional management team control the operation of the establishment with little reference to the share-holders (the owners).

However, where ownership and control are retained in the same hands - where the establishment usually comparatively small in size, is owner managed, or is a "family firm" - the concentration of power can create a paternalist or authoritarian attitude towards the workforce, which will be reflected in the existence of a traditional, or autocratic management style. Thus ownership of the establishment is of relevance to management style if combined with control of the establishment.

Overall control of an establishment will be either retained "on site", or, in the case of branch factories of national or multi-national companies, will be remote from the establishment. In independent establishments, the retention of complete control at the establishment gives management a freedom of action in industrial relations which may not be available to management in branch factories, where independence of action can be restricted by the constraints of a company policy for industrial relations developed at head office. Management style in branch establishments can thus be imposed to an extent, from "off site" - this is particularly

evident in branch factories of multinational companies, where the management style may be atypical of the approach to industrial relations normally adopted by management in the host country.(75) In the context of British industrial relations, collective bargaining and adversarial industrial relations is the norm, and many of the establishments with non adversarial or non negotiatory management styles (e.g. consultationary, sophisticated paternalist and autocratic) are foreign owned.

Establishment location

The relationship between industrial relations and geographical location is primarily general, but in a minority of instances there is a specific relationship between management style and establishment location.

In general terms, the industrial relations profile of different geographical areas varies markedly,(76) in terms of workforce composition, the degree of militancy of the workforce, the level of absenteeism and the incidence of industrial action, and this will indirectly influence the industrial relations of an establishment located in a particular geographical region - for example, a perceived low level of industrial action and a low rate of absenteeism in a particular geographical region (i.e. a reputation for "good" industrial relations) may be a factor in the decision making process of choosing the actual location of the establishment.(77)

In a minority of instances there will be a more specific and direct relationship between management style and establishment location. The phenomenon of the company town, or factory village, where management prerogative is comparatively uneroded, and the workforce accepts a deferential role, is most likely to occur where

the site of location of the establishment is geographically isolated, often rurally situated and often having been located at that particular site for a considerable period of time. (78) In such circumstances, it is anticipated that the autocratic or traditional management styles are most likely to be evident.

The anticipated correlates of management style are listed in Table 2.3.

(viii) Summary

This chapter has examined both the characteristics of British collective bargaining, and the determinants of differing approaches and attitudes of management to industrial relations, in order to facilitate the development of a theoretical typology of management style. The typology of management style which was developed in the chapter consisted of six defined management styles (functional negotiatory, superficial negotiatory, consultationary, traditional, sophisticated paternalist and autocratic) and the indicators and correlates of each style were identified.

The typology of managment style which has been developed in this chapter will be utilised in the comparison and categorisation of the management approaches to industrial relations examined in the survey of establishments in North East Scotland. Prior to this application of the typology to the identification of management style in individual establishments, a general examination of North East Scotland, incorporating a discussion of industrial relations in the region, will be carried out in chapter 3, in order that the survey can be placed in context.

TABLE 2.3: ANTICIPATED ESTABLISHMENT CORRELATES OF MANAGEMENT STYLE.

Incidence of Management Style	Establishment Correlates		
	Size	Ownership/Control	Location
Functional Negotiatory	↑ as size ↑	-	-
Superficial Negotiatory	↓ as size ↑	-	-
Consultationary	↑ as size ↑	↑ with foreign owner/control	-
Traditional	↓ as size ↑	↑ with local owner/control	↑ with rural/isolated location
Sophisticated Paternalist	↑ as size ↑	↑ with foreign (especially American) owner/control	-
Autocratic	↓ as size ↑	↑ with local owner/control	↑ with rural/isolated location

Chapter 2 : Footnotes

(1) For historical determinants see:-

(i) Charles, R. : The Developments of British Industrial Relations, 1911-1939.

(ii) Burgess, Keith : The Origins of British Industrial Relations.

Structural determinants are under-researched, see Pole, Michael et al. "Managerial Attitudes and Behaviour in Industrial Relations" : British Journal of Industrial Relations, vol.18 (1980).

(2) Roberts, B.C. : "Participation by Agreement". Lloyds Bank Review, No.125 (July, 1977), p.15.

(3) Brown, William (ed.) : The Changing Contours of British Industrial Relations.

(4) Quoted in Brown, William; and Sisson, Keith : "Industrial Relations in the Next Decade". Industrial Relations Journal, Spring, 1983.

(5) See:- Taylor, Robert : "Trade Union Tory Troubles". Management Today, September, 1983.

(6) See:- "Down for the Count" : The Economist, October 18th, 1980, p.80.

"Britain's Embattled Unions" : Management Today, September, 1981, p.69.

(7) See Marsh, Arthur : Employee Relations Policy and Decision Making, pp.230-231.

(8) See Clegg, H.A. : The Changing System of Industrial Relations in Great Britain, pp.290-306.

(9) See, for example, Hawkins, Kevin : The Management of Industrial Relations, pp.48-49.

(10) Royal Commission on Trade Unions and Employers Associations : Report (1968).

(11) Royal Commission on Trade Unions and Employers Associations : op. cit., para.143-145.

(12) Royal Commission on Trade Unions and Employers Associations : op. cit., para. 143-145.

(13) Royal Commission on Trade Unions and Employers Associations : op. cit., para.154.

(14) Flanders, Allan : Selected Written Evidence submitted to The Royal Commission, p.552.

(15) Royal Commission on Trade Unions and Employers Associations : op. cit., chapter IV.

(16) Brown, William : op. cit., p.118.

(17) Clegg, H.A. : op cit., p.17.

(18) Brown, William : op. cit.,p.8.

(19) See:- Brown, William : op. cit., p.8, p.12, p.118.
Marsh, Arthur : op. cit., pp. 157-161.

(20) Royal Commission on Trade Unions and Employers Associations : op. cit., p.39.

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(22) Gill, C.G; and Concannon,H.M.G. : "Developing an Explanatory Framework for Industrial Relations Policy in the Firm". Industrial Relations Journal, Vol.7, No.4 (1976-1977).

(23) Gill, C.G.; and Concannon, H.M.G. : op. cit., p.15

(24) Brown, William : op. cit., p.118.

(25) Marsh, Arthur : op. cit., Chapter 7.

(26) Marsh, Arthur : op. cit., p.186.

(27) Daniel, W.W. : Wage Determination in Industry.

(28) Brown, William; and Terry, Michael : "The Changing Nature of National Wage Agreements". The Scottish Journal of Political Economy, Vol.25 (1978).

(29) Thomson, A.W.J.; Mulvey, C.; and Farbman, M. : "Bargaining Structure and Relative Earnings in Great Britain". British Journal of Industrial Relations, vol. XVIII (1980).

(30) Brown, William : op. cit.

(31) Marsh, Arthur : op. cit.

(32) Marsh, Arthur : op. cit., chapter 6.

(33) Brown, William : op. cit., p.8, p.12.

(34) Marsh, Arthur : op. cit., chapter 6.

(35) Clegg, H.A. : Trade Unionism Under Collective Bargaining.

(36) Brown, William; and Sisson, Keith : op. cit., p.11.

(37) Purcell, John : "The Management of Industrial Relations". British Journal of Industrial Relations, vol.XXI, No.1 (1983).

(38) For such an approach see:- Warr, Peter : Psychology and Collective Bargaining.

(39) Purcell, John : op. cit., p.11.

(40) Fox, Alan : Beyond Contract : Work, Power and Trust Relations, p.251.

(41) ibid., p.249.

(42) ibid., p.250.

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(44) Brown, William; and Sisson, Keith : op. cit., p.11.

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(48) Brown, William : "A Consideration of Custom and Practice". British Journal of Industrial Relations, vol. X (1972).

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(50) Report of the Committee of Enquiry on Industrial Democracy(1977).

(51) Elliot, John : op. cit., p.128.

(52) For five Scottish examples see:- Scottish Council (Development and Industry) : Towards Industrial Democracy.

(53) Elliot, John : op. cit., p.151.

(54) "Why Unions want a Bite of the Chips" : Sunday Times, 28.6.83.

(55) Ibid.

(56) See:-

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(ii) Lockwood, D.H. : "Sources of Variation in Working Class Images of Society". Sociological Review, vol.14 (1966).

(iii) Newby, Howard : The Deferential Worker.

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(59) Myers, Scott : Managing Without Unions, chapters 12,13.

(60) Mayo, Elton : The Human Problems of an Industrial Civilisation.

(61) Three examples, among many, are:-

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(ii) Dubrin, A.J. : Human Relations : A Job Orientated Approach.

(iii) Myers, Scott : op. cit.

(62) Purcell, John : op. cit., p.12.

(63) Lord Sieff : "Its People Who Matter". Sunday Times, 13.12.81.

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(ii) Dromey, Jack; and Taylor, G. : Grunwick : The Workers Story.

(65) See:- (i) Gennard, John; Steuer, M.D. : "The Industrial Relations of Foreign owned Subsidiaries in the United Kingdom". British Journal of Industrial Relations, vol.IX (1971).

(ii) International Labour Organization : Multinationals in Europe : The Industrial Relations Experience.

(66) Rosie, George : The Ludwig Initiative, p.10.

(67) (i) Carson, W.G. : The Other Price of Britains Oil,p.76.

(ii) Kitchen, Jonathan : Labour Law and Offshore Oil,pp.99-101.

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(69) Glasgow Herald, 9.5.83.

(70) Turner, H.A.; Roberts, Geoffrey; and Roberts, David : Management Characteristics and Labour Conflict.

(71) Brown, William : op. cit., pp.53 and 89.

(72) ibid., p.53.

(73) ibid., p.28.

(74) Hannah, Leslie : The Rise of the Corporate Economy.

(75) Cruden, H., and Sherman, A. : Personnel Practice of American Companies in Europe.

(76) See:- Smith, C.T.B. et al. : Strikes in Britain.

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(78) Fox, Alan : op. cit., p.250.

CHAPTER 3 :- The North East of Scotland

(i) Introduction

The aim of this chapter is to establish the economic and social framework in which the study of management style is set. The two main themes of the chapter are inter-related. Firstly, an examination of the geographical area under study will be carried out, encompassing an analysis of population and employment distribution and a description of the North East economy and its industries. Secondly, having outlined the industrial structure, related factors relevant to management style and industrial relations will be considered.

(ii) The North East of Scotland (See Maps A and B)

For the purpose of this study, the imprecise geographical area - "The North East of Scotland" will be regarded as being defined by the precise boundaries of a local government administrative entity - The Grampian Region. As such, the terms "North East of Scotland" and "Grampian Region" are interchangeable, the Regional boundary serving as a delineation of the area in which the study is based. (See Appendix 1).

The North East corner of Scotland is, in geographical terms, a peripheral area:-

> "The most populous of the outer regions of Scotland".(1)

The area is neither part of the industrialised Central Belt, nor the rural Highlands. It is a separate entity, with local dialects and customs and its own distinctive population distribution, employment profile and industrial base. The examination of the Grampian Region as a single unit enables official data to be used without alteration - data of relevance to this study are not normally officially compiled at lower than Regional level, and to have strayed

MAP A

Location of the Grampian Region within Great Britain.

MAP B : The Grampian Region :- Towns and Districts

outwith the Regional boundary to incorporate data from other North East locations (e.g. Montrose) would have unduly complicated the statistical base without contributing any commensurate benefit to the study. Hence this study is located within the geographical area marked by the boundaries of the Grampian Region.

(iii) The Oil Industry in North East Scotland

In this study, particular attention will be given to the growth of the oil industry in the North East and to the effect that this incoming industry has had on the structure of the area.

As such, a brief outline of the development of the oil industry is required, in order to set the chronological development of the oil industry in the area in context.

Preliminary exploration of the Northern North Sea was undertaken in the late 1960's and the first British sector oil discovery was announced in September, 1969.(2) This was followed by the discovery of the large Forties Field in late 1970 and.....

"by the end of 1971 it was becoming clear that the U.K. had fairly sizeable oil reserves on its maritime doorsteps."(3)

The logic for the utilisation of the North East tip of Scotland as the centre for oil related activity lay partly in the fact that the area was geographically proximate to the offshore oil-fields, and partly in the fact that the area - particularly Aberdeen - possessed the prerequisites (housing, harbour, airport, and the necessary servicing, administration and communication functions) to serve in such a role.(4)

The development of the oil industry in the Northern North Sea, and its related onshore development in North East Scotland can be

stated to have commenced in the late 1960's, and to have progressed rapidly from 1971. The increase in oil related activity is best illustrated by a brief examination of employment in the North Sea oil industry. In mid-1971, 500 people were employed in all North Sea gas and oil activities in Scotland,(5) but the figure rose rapidly to 5000 by mid-1973 and 13000 by mid-1974 (of whom almost 5000 were located in the Grampian Region).(6)

The impact of the oil industry on the structure of the North East will be examined in greater detail in later sections, and at the present it need only be noted that oil related development has increased rapidly since the early 1970's.

(iv) Population Distribution and the North East Economy (See Table3.1)
An examination of population within the Region is relevant on two counts.

Firstly, an examination concentrating solely on the census of 1981 enables population distribution to be examined, and hence the main areas of the concentration of employment to be identified.

Secondly, an analysis of the level and direction of population change over time can be utilised as a rough, and preliminary indicator of the economic conditions prevailing in the region. Furthermore, it enables an assessment of the importance of migration on the infrastructure of the area.

As measured by the 1981 census, the Grampian Region population is 470,596, of which 203,612 (approximately 43%) is located within the District of the City of Aberdeen. Aberdeen is the only city in the Region, and apart from it the major centres of population are a number of towns, Elgin and Peterhead being the two largest, with populations of 18940 and 17128 respectively.

TABLE 3.1 POPULATION DISTRIBUTION;POPULATION CHANGE.

	1971	1981	(% change 1971-1981)
ABERDEEN CITY	211848	203612	-3.9%
BANFF&BUCHAN	72829	81446	+11.8%
GORDON	44979	62157	+38.2%
KINCARDINE& DEESIDE	33318	42112	+26.4%
MORAY	75659	81269	+7.4%
NORTH EAST/ GRAMPIAN REGION	438631	470596	+7.3%
SCOTLAND (approx.)	5217400	5117100	-2.1%

Source:Official Census

The Region is thus characterized as one with a heavily skewed distribution of population in favour of one coastal city, containing two-fifths of total population. The remaining three-fifths are widely dispersed throughout the Region, with a heavier concentration in a coastal strip from Elgin to Peterhead and in the remainder of the Aberdeen travel-to-work area (TTWA).(7)

The pre-eminent position of Aberdeen is further emphasised when it is noted that the Aberdeen TTWA contains over two-thirds of total Grampian Region employment.(8) Similar concentrations of employment, but on a much smaller scale, exist in Elgin and the Peterhead/ Fraserburgh area.(9) In general, Aberdeen, in addition to being the location of Regional administration, also serves as the centre for finance, communications and services for Grampian, and the other areas of Northern Scotland and the Northern Isles.

The major trend evident from an analysis of population change over the previous three decades is that the area was losing population in the 1950's and 1960's, and has gained population in the 1970's.

The loss of population in the 1950's and 1960's was a continuation of a long term trend.(10) The Aberdeen and Elgin areas grew in population due to intra-regional migration, but in aggregrate the North East had, in the long term, been suffering a decline in population due to out-migration.(11)

This out-migration was, in comparison to other regions of the United Kingdom, at a very high level:-

"The migration for 1951-69 was the highest in any part of Great Britain (with the exception of Greater London, where the problem was of a rather different nature)." (12)

The "push-factor" in this migration was the lack of available employment in the North East - "high outmigration has reflected the belief that it is preferable to move in search of work rather than to stay without." (13) The emigrants were from all classes and work backgrounds, but there was a preponderance of young professionals and skilled workers - particularly mechanics, fitters and electricians (14) - which reflected a lack of opportunity within the area for these grades.

Both migration and underemployment were symptomatic of a lack of economic growth in the area. The Gaskin Report characterized the North East in 1967 as "an economically lagging region of Britain"(15) and directly linked migration with the lack of opportunity for employment within the North East.

The Report stated that the structure of the North East economy was such that no sector exhibited dynamic growth. There was a low rate of economic activity; and under-employment. Wage levels were below the national level, and unemployment was comparatively high. The foundation of the economy was a large primary sector based on the agricultural rural hinterland and the fishing communities of Aberdeen and the coastal towns, which were declining rapidly in employment terms.

The comparatively small and traditionally based manufacturing sector, the construction sector, and the service sector were not expanding at a rate sufficient to absorb the labour shed from the primary sector; neither could they provide the required stimulus for sustained economic growth. The "Economist" had, two years earlier,(1965)(16) labelled Aberdeen and the North East as the "Cosy Corner" of Scotland - isolated, introverted and stagnant - and

had commented:-

".....the North East of Scotland is losing population. Aberdeen is still - just - growing, though exporting skills as it has always done..... since the war no new employer of any significance has set up in the town".(17)

Seven years later, "Cosy Corner" had become "Houston of the North".(18) The Economist (January 29, 1972) stated that:-

"since last October 250 companies have been inquiring about moving to Aberdeen and 70 have already done so. Between them, they have so far created 1000 new jobs, two-thirds of them filled locally."(19)

These new companies were oil-related, and it is the rapid development of the oil industry in the North East since 1968 which is the underlying reason for the increase in population since that date, and for the economic growth which the increase in population reflects.

There are indications that economic recovery in the area may have originally started in 1967-68 in the traditional sector of manufacturing industry.(20) With hindsight it is possible to state that economic recovery based on the traditional sector would have been short term, for subsequent events have shown that the traditional manufacturing sector has steadily declined in the 1970's.(21).

It is the oil industry that has served as the stimulus for the sustained economic growth of the North East economy in the 1970's (and has also served to mask the continuing problems in the traditional sectors of the economy). The economic growth in the North East is evident in comparatively low unemployment and comparatively high wage rates for the area, and in the fact that the North East is now an area of net immigration.

The overall picture of the North East economy over the decade of the 1970's is one of rapid change. The 'lagging economy' of the

mid-1960's, with high unemployment, low wages, outmigration of a skilled workforce, and an overall low level of economic activity has been transformed into an area of comparatively low unemployment, with high wages and an influx of skilled workers. This all embracing viewpoint contains, of necessity, certain generalisations. It is tempting to exaggerate the 'before' and 'after' condition of the North East economy in order to emphasise the impact of the oil industry.(22)

To assess objectively the impact of the oil industry within the context of the present day North East economy will be the aim of the following sections, which will examine employment, industry, the rates of unemployment and wage levels in the Grampian Region.

The examination of industry in the Grampian Region will be preceded by a comparison of employment distribution by industrial classification for Grampian, Scotland and the United Kingdom which will provide an indicator as to the relevant importance of different sectors of employment within the Region.

The official statistics utilised in this preliminary comparison will be combined with information - both quantitative and non-quantitative - in a description of industry in the Grampian Region which will serve as the basis for a later discussion of factors related to industrial relations in the North East. In the examination of industry, emphasis will be placed on the two 'categories' - manufacturing and oil - from which the establishments covered in the survey were drawn.

(v) Employment Distribution

Comprehensive and up-to-date figures for the employment distribution by industrial sector within the Grampian Region are not available.(23)

1978 is the last year for which statistics in any detail are obtainable, and 1977 was the last year for which complete figures for the Region have been compiled.(24)

Having stated the shortcomings, it is still relevant to utilise the available statistics - in conjunction with additional information from current sources where possible - in identifying trends in the changing patterns of employment over time, and in analysing the contemporary employment distribution within the Region.

The most recent substantiated and accurate figure for the number of employees in employment within the Grampian Region is approximately 179,000 in 1978. The figure has risen since then, the most recent approximate estimate being 208,000 in 1981.(25)

Table 3.2 shows the Scottish employment figures for each region, for 1971 and 1978, aggregrated under the major list headings. The table indicates that Grampian Region employment rose 18.6% in the interim period, which is the second highest percentage increase for any region of substantial size, and the largest increase for any region in numerical terms - an increase of approximately 4500 per annum.

The importance of the oil related sector as a stimulus to employment is emphasised when it is noted that the five regions with the highest percentage increases in employment are the five Regions most directly linked with oil related activity - Shetland and Orkney which serve as forward service and supply bases for the Northern North Sea; the Highland Region and Western Isles which are the locations for platform construction and repair yards; and Grampian Region, which is the administrative centre for service and supply for the North Sea, and where the administrative headquarters of the major oil and exploration companies are located. Oil related

TABLE 3.2:EMPLOYEES IN EMPLOYMENT;SCOTLAND BY REGION,1978.

(thousands)

REGION	PRIMARY	MANUFACTURING
Borders	4.3(-44%)	14.2(+4.4%)
Central	4.7(-14.5%)	36.7(-8.2%)
Dumfries&Galloway	6.3(-6.0%)	11.7(+5.4%)
Fife	10.9(-20.4%)	42.8(+4.9%)
Grampian	18.1(+57.4%)	36.9(-6.6%)
Highland	4.0(-16.7%)	12.6(+88.1%)
Lothian	12.3(-19.1%)	65.8(-6.5%)
Strathclyde	17.7(-19.5%)	331.3(-14.8%)
Tayside	7.6(-3.8%)	45.5(-13.2%)
Orkney	0.8(-11.1%)	0.5(0.0)
Shetland	0.5(+66.7%)	1.1(-15.4%)
Western Isles	0.3(-25.0%)	0.9(0.0)
SCOTLAND	87.0(-7.4%)	603(-9.9%)

(Percentage change since 1971 in brackets)

CONSTRUCTION	SERVICES	TOTAL
2.6(-3.7%)	17.3(+12.3%)	38.3(+5.8%)
9.3(+32.9%)	56.7(+17.1%)	107.4(+6.4%)
3.9(-2.5%)	28.1(+16.6%)	50.0(+9.2%)
9.7(+2.1%)	61.7(+12.6%)	125.0(+5.1%)
15.4(+15.8%)	108.7(+25.5%)	179.1(+18.6%)
7.3(+2.8%)	47.3(+22.9%)	71.2(+24.9%)
21.0(-12.5%)	225.7(+13.4%)	327.8(+5.1%)
72.1(-6.7%)	560.0(+7.4%)	981.1(-2.8%)
11.9(-2.5%)	97.0(+15.3%)	162.0(+3.5%)
0.7(+40.0%)	4.0(+37.9%)	6.1(+27.1%)
3.7(+640.0%)	6.2(+113.8%)	11.5(+130.0%)
1.0(+66.7%)	4.8(+60.0%)	6.9(+40.8%)
159(0.0)	1217(+12.5%)	2066(+3.1%)

Source:Scottish EconomicBulletin,1982.

activity directly accounted for approximately 32,000 jobs within Grampian in December, 1980 (e.g. approximately 17% of total employment).[26]

Table 3.2 indicates that the manufacturing sector declined in Grampian during the years 1971-78, whereas the other three sectors - primary, service and construction - all experienced growth in employment terms.

For a more detailed examination of the employment profile within Grampian, Tables 3.3a and 3.3b are used. The tables show a breakdown by S.I.C. of overall employment in Grampian/North East for 1971, 1977 and 1978 (partial) (Table 3.3a) and employment is also tabulated as a percentage of total employment, and listed with comparable statistics for Scotland and the United Kingdom (Table 3.3b) The table can be used both for a comparison of specific categories of employment within Grampian, Scotland and the U.K. in order to provide an indication of the relative importance of each category within Grampian and as a yardstick for the measurement of the changing fortunes - in employment terms - of the various employment classifications within the Grampian Region.

In broad terms, looking at the figures for primary, manufacturing, construction and service employment, Grampian has a significantly higher percentage of employees in the primary and services sector than the Scottish and United Kingdom figure; a higher percentage figure in construction (in keeping with the Scottish figure) and a significantly lower percentage in manufacturing. An examination of each of these sections will identify the specific industries which account for the differences between Grampian, and Scotland and the United Kingdom.

TABLE 3.3a: GRAMPIAN REGION, EMPLOYMENT BY S.I.C., 1971, 1977, 1978 (partial)

S.I.C.	1971	1977	1978 (thousands)
i. Agriculture, Forestry, Fishing	11055	9317	
ii. Mining & Quarrying	457	5385	
PRIMARY	11512	14802	18.1
iii. Food, Drink, Tobacco	15180	14373	
iv., v. Coal. Petroleum, Chemicals	534	633	
vi, x, xi, xii. Other Metals	4620	6000	
vii, viii, ix. Mech., Inst., Elec. Eng.	4604	4530	
xiii, xiv, xv. Textiles. Leather, Cloth.	4337	3938	
xvi. Bricks, Pottery. Glass, Cement.	1446	1115	
xvii. Timber, Furniture	2482	2042	
xviii. Paper, Printing, Publishing	5756	5149	
xix. Other Manufacturing	525	581	
MANUFACTURING	39484	38361	36.9
xxCONSTRUCTION	13342	16709	15.3
xxi. Gas, Electricity, Water	1888	2267	
xxii. Transport & Communication	9822	10757	
xxiii. Distributive Trades	20470	23668	
xxiv. Insurance, Banking, Finance	3954	5369	
xxv. Professional & Scientific	25813	30176	
xxvi. Miscellaneous Services	16149	24583	
xxvii. Public Admin. & Defence	8547	11932	
SERVICES	86643	108752	105.6
TOTAL	150981	178524	175.9

Sources: Begg-McDowell Report;
Dept. of Employment

TABLE 3.3b: PERCENTAGE OF TOTAL EMPLOYMENT BY S.I.C., GRAMPIAN, SCOTLAND, AND UNITED KINGDOM, 1971 AND 1977.

(%)

	1971			1977		
S.I.C.	G	S	UK	G	S	UK
i. Agriculture, Forestry, Fishing	7.3	2.7	2.0	5.2	2.4	1.7
ii. Mining & Quarrying	0.3	1.9	1.8	3.0	1.7	1.5
PRIMARY	(7.6)	(4.6)	(3.8)	(8.2)	(4.1)	(3.2)
iii. Food, Drink, Tobacco	10.1	4.8	3.5	8.0	4.4	3.1
iv., v. Coal. Petroleum, Chemicals	0.3	1.5	2.2	0.4	1.6	2.1
vi, x, xi, xii. Other Metals	3.1	7.8	9.7	2.5	6.8	8.6
vii, viii, ix. Mech., Inst., Elec. Eng.	3.0	8.2	9.2	3.4	7.3	8.1
xiii, xiv, xv. Textiles. Leather, Cloth	2.9	5.3	5.1	2.2	4.5	4.2
xvi. Bricks, Pottery. Glass, Cement.	1.0	1.1	1.2	0.6	0.8	1.2
xvii. Timber, Furniture	1.6	1.1	1.2	1.1	1.0	1.1
xviii. Paper, Printing, Publishing	3.8	2.6	2.7	2.9	2.0	2.4
xix. Other Manufacturing	0 3	0.8	1.5	0.3	0.7	1.5
MANUFACTURING	(26.2)	(34.0)	(36.5)	(21.5)	(29.1)	(32.3)
xxCONSTRUCTION	(8.9)	(7.8)	(5.7)	(9.4)	(7.9)	(5.6)
xxi. Gas, Electricity, Water	1.3	1.5	1.7	1.3	1.4	1.5
xxii. Transport & Communication	6.5	7.1	7.0	6.0	6.5	6.5
xxiii. Distributive Trades	13.6	11.9	11.7	13.3	11.5	12.2
xxiv. Insurance, Banking, Finance	2.7	3.2	17.9	3.0	3.8	21.2
xxv. Professional & Scientific	17.1	14.4		16.9	16.8	
xxvi. Miscellaneous Services	10.7	8.2	8.8	13.7	11.3	10.4
xxvii. Public Admin. & Defence	5.7	6.5	6.8	6.7	7.0	7.1
SERVICES	(57.4)	(53.7)	(54.0)	(60.9)	(58.3)	(58.9)

Sources:-Begg-McDowell Report;
Dept. of Employment.

(a) Primary Sector

In contrast to the national picture, the primary sector within Grampian has increased in size over the last decade, both in numerical terms, and as a percentage of total employment.

A tenfold increase in the mining and quarrying classification in the years 1971-77 is the factor underlying the overall increase in the primary sector. This increase marks a drop in the agriculture, forestry and fisheries classification which exceeds the national decline. (The decrease is 16% for Grampian, 10% for the U.K.). The loss of employment from the 'traditional' side of the primary sector is attributable to increased mechanization within agriculture (which is a national characteristic) and to the decline of the fishing industry due to overfishing and Common Market regulations (which is a factor having a considerable and specific impact on the North East). The overall increase in the employment of the primary sector is directly attributable to the impact of oil related industry on the North East, specifically in the employment of offshore drilling operatives.

(b) Manufacturing Sector

The relatively weak position of manufacturing in the North East in comparison to the Scottish and United Kingdom level of employment for this category has been a matter of concern and discussion for decades. In the past, regionally based reports[27] have stressed the need to strengthen the manufacturing base in the North East in order to reduce structural unemployment and to counter the migration prevalent in the 1950's and 1960's.

These reports have made recommendations, but have also recognised an inalterable factor acting to prevent the strengthening

of the manufacturing base - that of geographical location.

The locational disadvantage of manufacturing establishments inherent in geographical remoteness from main markets is a factor which must be emphasised in explaining the underdevelopment of manufacturing in the North East.

The physical distance from main markets (London is approximately 500 miles from Aberdeen, and the Central Belt of Scotland, which contains the majority of the Scottish population and manufacturing capacity is approximately one hundred miles southward) is compounded by the peripheral location of the North East - it is geographically remote from the mainstream of economic and commercial activity within the United Kingdom. Hence the manufacturing sector is affected by the cost of transporting finished goods to market, and in some cases - the papermaking industry for example - is further penalised by the necessity of importing the necessary raw materials.

Establishments are also affected by simple diseconomies of distance - delays and problems in communications and deliveries especially in the many instances where the head office of the firm is in the South of England, or abroad.

In the Manufacturing survey carried out for the 1969 North East Scotland Survey, problems with transport services were found to be the single greatest reported difficulty in operating in the area.(28)

The development of the oil industry since 1969 has stimulated major improvements in air transport,(29) and in harbour facilities, but has had little impact on other forms of inter-regional transport links (For example, the major road link to the South - the Aberdeen-Dundee trunk road - a vital link to major markets remains

a single carriageway for most of its 60 miles).

In 1981, twelve years after the Gaskin report, and following on from a decade of oil related activity, the Begg McDowall Report found that 37% of Aberdeen manufacturing firms and 44.5% of other Grampian Region manufacturing firms complained of "high transport costs"; furthermore, 62.9% of Aberdeen manufacturing firms and 44.8% of other Grampian Region manufacturing firms cited "other distance costs" as a problem.(30)

The report went on to state:-

"The feeling is widespread among businessmen in the study areas that such costs are significant, although not easy to quantify, and that they represent a considerable locational disadvantage to indigenous industry and a considerable disincentive to potential incoming industry."(31)

Peripheral geographical location is a significant - if not "easily quantifiable" disincentive to the expansion of existing manufacturing establishments and the development of new industry in the North East. To this everpresent factor must be added the contemporary problem of an economic recession which at a national level has severely damaged the manufacturing sector.

Table 3.4 shows the manufacturing employment estimates by industry within the Grampian Region for 1976-1980. These figures, obtained from the Scottish Manufacturing Establishments Record (SCOMER) are estimates and are <u>not</u> directly comparable with the Annual Census of Employment (Tables 3.2, 3.3). However, the table does indicate that, by 1981, all sectors of manufacturing industry within Grampian were suffering from the recession, in terms of loss of employment. All four sectors listed, were, in 1981 at a lower level than that for 1977. The decline in employment in manufacturing

TABLE 3.4:GRAMPIAN REGION;EMPLOYMENT IN MANUFACTURING 1977-1981 (estimates)

	1977	1978	1979	1980	1981
			(thousands)		
Food,Drink&Tobacco	13.5	13.0	12.3	11.1	10.4
Engineering&Allied Trades	9.5	9.9	9.8	8.8	7.5
Textiles	4.0	4.3	4.3	3.8	3.3
Chemical and other manufacturing	8.8	8.7	8.9	8.4	7.6

Source:-Scottish Economic Bulletin

was summarised in the Begg McDowell Report, published in 1981, which stated:-

"The results of our survey of manufacturing industry suggest the decline has continued. Estimates made available to us by the Scottish Economic Planning Department indicate a fall of around 8% in total manufacturing employment between June, 1979 and June, 1980. Events at the end of 1980 and the beginning of 1981 suggest a continuation of the decline."(32)

Since the publishing of the report there have been additional closures of establishments in the North East, and further redundancies, which indicate a continuation of the decline of the manufacturing sector in late 1981 and 1982.

The peripheral geographical location of establishments in the North East, previously cited as a factor in preventing the development of manufacturing in the area also acts, during the recession, as a factor in the decision making process of national and multinational companies, when such companies consider where to apply 'cut-backs'. The marginal position of some manufacturing establishments in the North East caused in part by remoteness from main markets has made such establishments especially susceptible to closure in the present economic climate, especially where such establishments are merely a subsidiary of a nationally, or multinationally based conglomerate.(33)

The impact of nationally based, and foreign owned subsidiary manufacturing establishments on the infrastructure of the North East, especially in relation to management style will be dealt with in detail at a later stage. It is sufficient at present to state that such establishments form a major aspect of the North East manufacturing sector.

Having outlined the factors underlying the inferior and declining position of the manufacturing sector in the North East, and having stated the problems which have arisen since 1977, Tables 3.2 and 3.3 provide an overall picture of the manufacturing sector, which allows the more important sectors - in employment terms - to be pinpointed.

Tables 3.2, 3.3 and 3.4 indicate that the major manufacturing sector in employment terms is food, drink and tobacco - mainly food and fish processing and whisky distilling. The importance of this sector is due to the close links to agriculture and fishing within the North East; such primary sector orientated manufacturing establishments derive the advantages of close proximity to the source of raw material which negates, to an extent, the previously mentioned problem of locational disadvantage.

The other major sectors are mechanical, instrument and electrical engineering; paper printing and publishing (mainly paper manufacture); other metal (mainly fabrication "jobbing" shops); and textile leather and clothing (mainly woollen manufacture and yarn spinning). All are of lesser significance than food,drink and tobacco.

The establishments in these four sectors largely owe their location within the North East either to an "historical accident" - they were established during the industrialisation of the late eighteenth and nineteenth century; or to more positive factors which were prevalent earlier in the twentieth century - low wages in the North East, and central government incentives to locating in the area. Such factors are no longer tenable, or of relevance. Due to the development of the oil industry, the North East is now an area of comparatively high wages and central government preferential grants

were halted with the ending of Assisted Area Status for the Grampian Region in 1981.(34)

One factor which must be stressed, however, is the lack of impact on manufacturing employment which has arisen from the development of the oil industry - this is true of the United Kingdom as a whole, and not merely the North East of Scotland. The underlying reason for this comparative lack of oil related manufacturing investment has been summed up by Guy Arnold in his book, "Britains Oil".

Arnold points out that:-

"Oil is an itinerant industry which follows discoveries on a global basis. It may be offshore Britain to-day; in five or ten years it may be offshore Brazil, or somewhere else."(35)

Because of the inherent impermanence of location in any one geographical area, the major oil related companies (which are mainly based in the United States) endeavour to retain permanently as much capacity in the United States as possible. Hence Arnold can state that one American oil company, in a confidential report, could place the number of American based full-time jobs relying on manufacture of equipment for the companies operating in the Scottish province of the North Sea to be 150 - 200,000 (or three to four times the total oil related employment within Scotland).(36)

Arnold continued:-

"There is no necessary conflict between 55,000 jobs in Scotland and 200,000 in the U.S.A., as those in Scotland (for example, making the platforms) are mainly labour intensive, while those in the U.S.A. are detailed engineering and design jobs for the hardware that is needed." (37)

Thus the Grampian Region (which in any case does not possess suitable deepwater sites for platform construction) has been little

affected by oil related manufacturing. The oil related "manufacturing" establishments which do exist - with one or two notable exceptions - tend to be small scale fabrication and repair yards, rather than precision manufacturers of oil related equipment. The total employment in manufacturing companies wholly related to North Sea Oil was only 5,345 in December, 1980, of which 3685 were in general engineering.(38)

The overall picture of manufacturing in the North East is thus of a sector never fully developed because of the peripheral geographical location of the area and now in decline due to economic recession. The advent of the oil industry has created some employment in the manufacturing sector, but not sufficient to prevent an overall decline in employment in manufacturing in the area.

(c) Construction Sector

The construction industry increased in employment and percentage terms in the period 1971-1977 within Grampian, in contrast to the national picture. The increase in construction employment within these years is attributable to oil related construction of warehousing, office accommodation and housing in the Grampian Region. Events since 1977 suggest that employment in the construction sector has fallen, with the stimulus of the oil related sector being insufficient to counter the nationally based decline in construction caused by the economic recession.

(d) Services Sector

Traditionally, the services sector has been a major employer in the North East. The Gaskin Report indicated that in 1967 two major employers within the North East were the University of Aberdeen and

the health services. Both of these have continued to be major employers, but they have also been joined in this position by the major oil and exploration companies (B.P., Shell, Occidental, etc.) who have located their administrative headquarters in Aberdeen. Employment in the service sector has also been provided by the many oil related service and supply companies who have established offices in the city. Furthermore, the advent of the oil industry has been a factor in the increases in overall employment within the insurance, banking, finance and distributive trades sectors.

The very fact that the North East (especially Aberdeen) had a well developed services sector was a factor in attracting the oil industry to the area. Since the development of the oil industry began in the 1970's, the number of people employed in the oil related service sector within Grampian Region has increased substantially. Detailed figures are not available pre-1979, but in that year employees in onshore service and supply companies amounted to 12,160 within Grampian (43% of total onshore oil related employment) and exploration development and production related onshore employment accounted for a further 9,745 (34.7%). By the end of the following year services had increased to 15,815 (48.6%) and primary related to 11,355 (34.9%).(39)

Thus for December, 1980, of a total of 32,515 persons employed onshore in Grampian Region in companies <u>wholly</u> related to North Sea oil, no less than 83.5% were employed within the supply and service sector. To emphasise further the importance of this onshore service and supply sector, it should be noted that in 1978 this sector accounted for approximately 16% of <u>total</u> service employment in the Region.(40)

A lack of detailed and contemporary statistics has prevented a comprehensive examination of the service sector in the Grampian Region. Overall, however, it can be stated that the service sector has remained buoyant, due to the influx of oil related administrative, supply and service employment, and to the 'spin off' effect which the oil industry has had on the financial and professional services within the Region. In December, 1980, total onshore oil related service, supply and exploration development and production accounted for 27,170 jobs, which was approximately 13% of total Grampian employment; if account was taken of the 'partially oil related' employment in the professions and finance, the figure would be considerably higher.

(vi) Unemployment

Table 3.5 shows the comparative statistics for the level and rate of unemployment for the Scottish Regions in 1981. Grampian Region, with an overall rate of unemployment of 7.7% has the second lowest unemployment rate for any region (the region with lower unemployment - Shetland - is a special case due to the comparatively small overall employment in the region) and a rate below the Scottish average.

However, this figure in isolation is insufficient to indicate the comparative changes in unemployment which have occurred in the previous decade, both nationally and within Grampian. For this purpose, a further table - Table 3.6 - is included. From this table it is evident that the unemployment rate within Grampian has not followed the same pattern as that for either Scotland or the United Kingdom. Whereas the figures for the Scotland and the United Kingdom rates have increased - aside from a brief period in the mid-1970's - due to the economic recession, the figure for

TABLE 3.5:UNEMPLOYMENT BY SCOTTISH REGION,1981

REGION	thousands
Borders	3.1
Central	15.4
Dumfries& Galloway	7.2
Fife	17.2
Grampian	14.4
Highland	8.9
Lothian	37.2
Strathclyde	178.2
Tayside	22.8
Orkney	0.6
Shetland	0.4
Western Isles	1.7
SCOTLAND	307.2

%rate
7.8%
13.0%
12.9%
12.6%
7.7%
11.3%
10.8%
16.2%
13.2%
9.6%
5.0%
20.4%
13.8%

Source:-Scottish Economic Bulletin 1982

TABLE 3.6: UNEMPLOYMENT; GRAMPIAN REGION, SCOTLAND, UNITED KINGDOM, 1971-1981.

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
	(% rate)										
Grampian[1]	4.1	4.1	2.6	2.1	2.5	3.6	4.2	4.5	-	-	7.7[3]
Scotland[2]	5.8	6.4	4.5	4.0	5.2	7.0	8.1	8.2	8.0	10.0	13.8
United Kingdom[2]	3.5	3.8	2.7	2.7	4.1	5.7	6.2	6.1	5.7	7.4	11.4

Sources:-(1) Scottish Abstract of Statistics
(2) Annual Abstract of Statistics
(3) Scottish Economic Bulletin

Grampian declined rapidlly from a level above the national average in the early 1970's, to a figure considerably below the average for both Scotland and the United Kingdom in the mid and late 1970's. Since the late 1970's, the unemployment rate has increased, but from a comparatively low original level. The outcome is that in 1981 the unemployment rate for the Grampian Region, although increasing, is considerably below the national average.

The factor underlying the decline in unemployment within Grampian in the mid 1970's - at a time when,nationally, unemployment was increasing - is the advent of the oil industry in the Region. As has been stated previously, the North East in the 'pre oil' period had comparatively high unemployment, and considerable outmigration. The oil related sector in the Region which has developed rapidly since the late 1960's has absorbed excess labour in the Region to the extent that unemployment has decreased in relative terms and outmigration has been replaced by inmigration.

The map of unemployment rates within Grampian (Map C) serves to stress the role of the oil industry in reducing unemployment as it indicates that the areas most closely connected with the oil industry (Aberdeen and Peterhead) have the lowest levels of unemployment in Grampian; it also emphasises that oil related development, confined to particular areas within the Region has masked the comparatively high (i.e. above U.K. national average unemployment) level of unemployment in certain other areas of the Region.

The map shows unemployment rates in June, 1981, within the Local Employment Exchange Areas of the Grampian Region and illustrates the considerable differences in unemployment rates between different Employment Exchange Areas. The rate of unemployment within Grampian Region as a whole at the time was approximately 8%, but

MAP C : Unemployment rates within the Grampian Region June 1981.

Sources:Map from "An Aid to Industry" M.S.C.

Figures from Aberdeen Press&Journal(24/6/81)

rates within the Region varied from 6.4% (Aberdeen and Stonehaven) to 18.2% (Forres).

The differential rates of unemployment within the Region must be stressed, in order to illustrate the fact that although overall employment in Grampian may be at a comparatively low level, there are areas, geographically isolated from oil related activity (e.g. Forres, Buckie, Fraserburgh) where the unemployment rate is considerably higher - in some cases above the national unemployment rate. Thus it can be stated that the impact of the industry is not widespread in the Region, for it is centred on, and largely confined to, the Aberdeen and Peterhead areas.

(vii) Earnings and Labour Market Conditions

A comparison of Grampian Region earnings and average national earnings over time will give an indication of relative earnings changes in the Region, and hence will provide general background information for the study. Of relevance is the impact that the incoming, and supposedly "high paying", oil industry has had on relative earnings in the Region.

The examination of earnings levels in the Region, combined with the previous evidence on unemployment enables an outline of prevailing labour market conditions in the area to be carried out.

Tables 3.7, 3.8 and 3.9 list the average gross weekly earnings and relative ratios for Grampian, Scotland and Great Britain for three categories of worker:- male manual workers aged 21 and over; male manual and non-manual workers aged 21 and over; and female manual and non-manual workers aged 18 and over.

The small sample size used to calculate the female workers table

TABLE 3.7:-AVERAGE WEEKLY EARNINGS, MALE MANUAL AGED 21+.

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
					(£)						
North East/ Grampian	25.6	29.1	35.6	43.0	56.1	65.6	74.1	89.7	99.9	-	-
Scotland	28.5	31.7	37.1	42.9	56.7	66.2	72.5	81.4	93.6	-	-
Great Britain	29.4	32.8	38.1	43.6	55.7	65.1	71.5	80.7	93.0	-	-
					RATIO						
North East/ Grampian : Scotland	89.8	91.7	96.0	100.2	98.9	99.0	102.2	110.2	106.7	-	-
North East/ Grampian : Great Britain	87.0	88.7	93.4	98.6	100.7	100.7	103.6	111.2	107.4		

Source:-New Earnings Survey

TABLE 3.8:-AVERAGE WEEKLY EARNINGS, MALE MANUAL AND NON MANUAL AGED 21 +.

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
					(£)						
North East/ Grampian	28.1	32.3	39.6	45.2	60.1	72.8	81.0	97.0	109.1	132.9	152.7
Scotland	31.3	35.0	40.4	46.0	60.3	71.6	78.3	88.5	101.5	123.1	140.0
Great Britain	32.9	36.7	41.9	47.0	60.8	71.8	78.6	89.1	101.4	124.0	140.5
					RATIO						
North East/ Grampian : Scotland	89.8	92.3	98.0	98.3	99.7	101.7	103.4	109.6	107.8	108.0	109.1
North East/ Grampian : Great Britain	85.4	88.0	94.5	96.3	98.8	101.4	103.0	108.9	107.6	107.2	108.7

Source:-New Earnings Survey

TABLE 3.9:-AVERAGE WEEKLY EARNINGS, WOMEN, FULL TIME, AGED 18+.

	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
					(£)						
North East/ Grampian	18.8	20.0	22.2	25.6	37.4	45.8	51.1	55.1	61.2	80.8	93.5
Scotland	17.4	19.5	22.2	25.7	35.9	44.6	48.9	54.6	60.4	74.7	87.7
Great Britain	18.3	20.5	23.1	26.9	37.4	46.2	51.0	56.4	63.0	74.7	91.4
					RATIO						
North East/ Grampian : Scotland	108.0	102.5	100	99.6	104.1	102.6	104.5	100.9	101.3	108.2	106.2
North East/ Grampian : Great Britain	102.7	97.5	96.1	95.1	100.0	99.1	100.	97.7	97.1	102.5	102.3

Source:-New Earnings Survey

creates a wide margin of sampling error (+ 2.0%) and precludes significant examination of this table - therefore it is included for informative purposes but without detailed comment.

The two Tables listing male earnings indicate that male manual earnings and total male (manual and non-manual) earnings have increased numerically at a rate more rapid than at a Scottish or British level, and have risen from a position below the average figures for Scotland and Great Britain, to a position considerably higher than the average figures for Scotland and Great Britain in 1981. In Grampian, the total male gross weekly earnings figure has increased at a higher annual rate than the male manual gross weekly figure, which indicates that gross weekly earnings have increased more rapidly for male non-manual workers than for male manual workers.

The obvious hypothesis which could be formulated to account for the overall increase in male earnings, and, in particular, for the significant increase in male non-manual earnings, would be that the arrival of 'high paying' oil related companies in the Grampian Region has brought about increases in earnings.

Data on non oil related earnings in Grampian, compiled by the Institute for the Study of Sparsely Populated Areas, at Aberdeen University provide indirect support for this hypothesis.

The Institute undertook a regular survey of wage levels of male manual workers in non oil related firms between the years 1974 and 1979. The survey sample was comparatively large (approx. 21,000) and due to the differences in sampling it is not possible to integrate these results with the figures obtained from the New Earnings Survey. However, a comparison of the results for male manual wage rates obtained from the two surveys does provide an indication that average

non oil related earnings are lower than the overall (i.e. non oil- and oil-related) average earnings in the Grampian Region.

Relevant information from the ISSPA survey is listed in Table 3.10 in which average standard and gross weekly earnings for male manual workers in non oil industries in the Grampian Region is shown.

The data tabulated by the ISSPA indicates that - in contrast to overall male manual gross earnings in Grampian - specifically non oil related male manual gross earnings remained below the average Scottish and British levels in the 1970's. This suggests that the incoming oil industry - the variable missing in the calculation of average gross earnings in Table 3.10 - is accountable for the increase in gross earnings during the period which is evident in Table 3.7. Thus, the evidence from the two tables indicates that the rapid growth of a high paying sector (the oil industry) in the economy of the Grampian Region has not in general stimulated a comparable increase in earnings in other indigenous sectors of the economy.

As the ISSPA team commented:-

"It is true that earnings in the oil industry are very high - although per hour the rates are not greatly above those of the construction industry - but the figures suggest that this has not permeated through to the rest of the local economy, as might have been expected."(41)

The team further commented:-

"The gap in earnings is quite substantial and is wider for standard weekly earnings than for gross weekly earnings. This suggests that the increased competition for labour has resulted in an increase in over-time working, but that the basic structure of wage levels, as reflected in standard weekly earnings, has not been substantially affected by the labour market pressures. The implication is that many local firms are able to hold and recruit labour at wage levels below the Scottish and United Kingdom levels."(42)

TABLE 3.10 :-GRAMPIAN REGION,NON-OIL RELATED EARNINGS.

Gross weekly earnings,male (standard weely earnings,male in brackets)

	1974	1975	1976	1977	1978	1979
			(£)			
Mnnufacturing	36.1 (28.9)	45.3 (37.9)	54.2 (43.9)	63.9 (50.3)	76.4 (59.3)	90.3 (70.6)
Construction	37.7 (28.8)	55.6 (43.2)	57.1 (46.1)	66.9 (52.7)	79.6 (62.4)	93.8 (74.3)
Services	30.4 (26.6)	39.0 (34.4)	48.1 (41.6)	56.5 (47.6)	67.5 (56.2)	80.0 (66.8)
ALL	35.6 (28.0)	45.6 (38.0)	53.1 (43.7)	62.4 (50.0)	74.4 (59.1)	87.8 (70.4)

Source :- G.A Mackay,Anne Moir:"North Sea Oil and the Aberdeen Economy"p49.

A factor operating in favour of oil related companies was their exemption from certain restrictions imposed by the series of incomes policies in operation during the mid-1970's, which were designed to limit the size of pay awards. Most oil related companies were newly established in the Region during that time period and were exempt from guidelines set down by successive governments as to maximum pay increases. There was thus no statutory barrier to oil related companies paying wage rates comparatively higher than the 'norm' in the Grampian Region.

Indigenous establishments had to follow the guidelines of incomes policies, and some were additionally curtailed by the necessity of following industry-wide national agreements to which they were a party.

A lack of further comprehensive data on earnings in the Grampian Region - particularly relating to earnings in the oil related sector - precludes detailed and statistically based confirmation of the dichotomy between earnings in the oil and non oil sectors. Data on earnings paid by companies are often classified, and this is especially the case in the highly competitive oil industry.

However, using information obtained in confidence, from individual companies and from trade union sources, some general comments on earnings in the Grampian Region can be made.

Manual earnings vary considerably. Workers in jobs for which the skills are not potentially oil related, or who are located in an area geographically remote from the centres of oil related activity in the Aberdeen TTWA and Peterhead, in general earn below the equivalent Scottish and British average. Skilled workers in offshore oil related companies, and workers with potentially oil related skills

(e.g. welders, electricians, mechanical fitters) in non oil companies located in the Aberdeen TTWA and Peterhead can earn considerably more, with oil related companies in general paying at a higher level. Trade union sources indicated that an oil related company pays, on average, 79p - £1 per hour more than a non oil related company in the same geographical area for a comparable onshore skilled manual job (1981 figures). Furthermore, the prospects of additional earnings through overtime work are greater in the comparatively buoyant oil related sector.

The outcome is that onshore earnings for certain jobs can vary considerably, depending on location and industry. For example, the wage for a general welder was approximately £165.00 gross per week in an oil related company, but, on average, only approximately £115.00 gross per week in a non oil related company in the Grampian Region, with the figure as low as £100 gross in companies remote from the oil related areas of Aberdeen and Peterhead (Figures obtained from establishments in the Grampian Region, July, 1982).

Some comment is required on the remuneration of offshore oil related workers. The popular opinion is that offshore workers are paid exceedingly high wages, but what has to be borne in mind is that the hours and conditions of work from which offshore wages are calculated differ considerably from onshore work. A shift system is in operation, which requires a period of time to be worked offshore (usually fourteen days) followed by a similar period on leave. Twelve hour days are worked offshore, and the conditions in which the work is carried out can be unpleasant and are often dangerous.

When these factors are taken into consideration the earnings of offshore workers take on a different aspect. Indeed, trade union

sources indicate that the basic hourly rate for many comparable onshore and offshore oil related jobs are similar and that it is only when the additions relating to the above factors are made that offshore earnings surpass earnings onshore for similar occupations. This is true of the ancillary and maintenance staff who operate offshore, but whose work (if not work environment) is similar to onshore workers. Stewards, chefs, electricians, fitters and welders among others fit into this category.

However, for certain offshore occupations such as driller, assistant driller and instrument technician - jobs of a highly skilled and technical nature, and related directly to the operations of the drilling rig or production platform - earnings can be at a very high level. This is not only due to the atypical nature of offshore work but these earnings also reflect the value placed on such skilled workers by oil companies.

The above comments on manual earnings, which by the nature of the available data can only be general, indicate that there are considerable differences in earnings depending on a number of variables other than those directly related to job description. These variables are geographical location, whether or not the job is oil related, and whether or not the job is based offshore. The equally sketchy data available on non manual earnings again prevent anything other than generalised statements, but what evidence there is suggests that non manual earnings are less susceptible to variation within the Grampian Region.

Table 3.8 indicated that earnings for non manual males in Grampian had increased at a rapid rate in the 1970's, more rapidly than manual earnings in the Region, and more rapidly than average non manual earnings in the remainder of the country.

Many non-manual salaries are calculated on a national basis. This is true of local government employees, Health Service employees and employees in tertiary education establishments, all of whom are present in considerable numbers in the Grampian Region. The presence of a large number of employees whose salary scales relate to national pay awards will have a "dampening" effect on average earnings in the Region, tending to make the Grampian average more closely comparable to the national average. This factor gives added significance to the proportionately large increase in non-manual earnings in the Region.

A major factor in the increase in non-manual earnings is the development of the onshore oil related sector in Grampian. As has been previously stated, a large percentage of onshore oil related employment is in the service sector, in companies operating an administrative, service and supply function. These companies - ranging in size from small supply companies employing less than ten, to major exploration and production companies employing thousands - compete in the same market as non oil related companies for a range of clerical, secretarial, administrative and lower managerial posts. Job descriptions for these posts are comparable in oil related and non oil related companies, and generally similar office hours are followed, but while pay and conditions tend to be better, on average, in oil related companies, they are not significantly so. Oil related employment in these categories was approximately 12,000.(43)

In addition to this "large managerial,administrative and clerical presence in Grampian", the oil industry "also has a very high proportion of professional technical staff, compared to other industries."(44) Approximately 9000 are employed in this category in Grampian.

These professionals - many with degrees in oil related engineering technology or geology, and considerable experience in the oil industry - can be viewed as the non-manual equivalent of the drilling and technical staff in the manual sector, for they are directly involved in the process of exploration, production and development. As such, they receive comparatively high salaries, which reflect their qualifications and experience. The concentration of these professionally qualified and highly paid oil related employees in Aberdeen exerts a considerable upward push on overall average non-manual earnings in the Grampian Region.

In summary, a study in depth of earnings in the Grampian Region reveals that, in general, male earnings in the Region have caught up with, and surpassed average male earnings in Scotland and Great Britain during the 1970's, and that the major stimulus was the advent of the oil industry.(45) It has become clear that, especially for manual workers, high oil related earnings have been neither structurally nor geographically widespread, and that for many occupations and areas earnings are at a considerably lower level than the Regional average (shown in Tables 3.7, 3.8 and 3.9). The implications of this can be more fully explored when consideration is given to the local labour market conditions in the Grampian Region.

This section has indicated that in general oil related earnings are higher than non oil related earnings, but that there is significant variation, depending on job type and geographical location. It has been stressed that the unique nature of the oil industry precluded direct comparability of certain jobs.

Distinction must be drawn between the onshore and offshore sectors of the oil industry, and to the differential impact the two sectors have on local labour market conditions.

Where possible, most oil companies attempt to recruit locally as a matter of pragmatism and policy. As J.D. House stated:-

"There are sound business reasons for preferring local services, supplies and manpower. It is more convenient and more economical.... As one American oilman explained in blunt business terms, "I think that any company responsible to shareholders has got to be thinking about building a local workforce, it is the only way that you can get the cost down, it's very expensive to have U.S. people in here, you have to provide things that you don't have to provide for local people. I believe..... the economic incentives are there for the companies without legislation to really force it on anyone." (46)

The outcome of this local recruitment policy has been that onshore clerical, secretarial and general administrative posts have been mainly filled by employees recruited locally (usually from the Aberdeen TTWA) in direct competition with non oil firms.

However, the labour market for onshore based professional, managerial and specialist technical staff is more geographically widespread. The specialised nature of these positions is such that oil companies normally recruit those with oil related experience. In the early 1970's, with an oil production industry being set up in Britain for the first time, such personnel were either foreign (mainly American) or expatriate Britons grasping the opportunity to work in their home country. This 'first generation' of incoming specialist personnel has been more recently augmented by those trained in British educational establishments which have developed oil orientated courses.(47) However, demand for specialist professionals continues at a level such that recruitment remains on a national - or international - basis. There is practically no competition with non oil related companies within Grampian for such personnel.

The offshore sector presents a different picture. Offshore

employees are mainly skilled craftsmen and technicians who work a period of time offshore of usually two, but sometimes three or four, weeks' duration followed by a similar period of time on leave. The demand for such labour is beyond that which can be met in the Grampian Region, and occurs at a time when there is a surplus of such labour in the traditional areas of heavy industry - the Central Belt of Scotland and the North of England - due to the economic recession.

The outcome is that the comparatively high wages available in offshore employment attracts labour from many parts of Britain. The long periods of leave, and the travel expenses provided by oil companies for any destination in Britain enables those in offshore employment to reside anywhere in Britain, and many workers choose to remain in their home area.

The widespread area from which offshore workers are drawn is illustrated by Table 3.11 which shows the place of residence of those employed offshore in 1979, the last year for which such figures are available. The table shows that only 25.8% of total offshore employees resided in the Grampian Region (mainly in Aberdeen); a further 33.7% resided in the remainder of Scotland (mainly in Strathclyde Region) and that 34.5% resided elsewhere in the United Kingdom. The labour market for offshore employment is thus national, rather than local.

The implication of the above statements on labour recruitment, combined with the evidence on earnings, is that there is no homogeneous labour market in the Grampian Region. Different sectors of industry pay at different rates, according to geographical location and job type, and recruit for labour in different markets. The oil industry tends to pay at a higher level and recruit from a wider geographical area.

TABLE 3.11:PLACE OF RESIDENCE OF OFFSHORE WORKERS,1979.

Grampian	2700
Strathclyde	1500
Tayside	600
Highland	400
Lothian	300
Borders	300
Central	300
SCOTLAND (total)	6300
ENGLAND	3500
OTHER UK	200
NON UK	600
TOTAL	10600

Source:- Scottish Economic Bulletin

As the ISSPA team commented on their evidence of differential earnings within the region:-

"This suggests further that the labour force may be highly segmented - that much of the labour force of indigenous firms is unable, because of location, aptitudes, skills or attitudes to compete for work in oil related sectors. Hence wages in indigenous firms remain low." (48)

(viii) The North East Workforce and Industrial Relations

An examination of background information on workforces in the North East is of relevance, as it provides evidence, both direct and indirect, which supports the contention that, in general, the workforce in the North East is not militant.

The evidence to support the contention that militancy is lacking stems from data on strike activity in the North East Planning Region (1968-1973) and in the Grampian Region (1975 - 1980). When compared with the relevant national statistics, these data indicate that the level of strike activity in the North East has been considerably below the national average throughout the time period covered by the statistics (See Tables 3.12a, 3.12b).

The interpretation of stoppage figures in the study of industrial relations has raised much discussion,(49) and it is recognised that conclusions based on such data have to be treated with caution. However, because only a general discussion is being undertaken, and in the absence of other relevant information, the statistics in Tables 3.12a and 3.12b are considered to be of value.

Table 3.12a lists the ratios of working days lost in the NEPR (1968 - 73) in comparison to working days lost in Great Britain. The ratios are given in "adjusted" form, which makes statistical allowance for the different industrial structure of the North East

TABLE 3.12a:WORKING DAYS LOST THROUGH STOPPAGES,N.E.P.R.*:GREAT BRITAIN (G.B.=1.0)

	1968	1969	1970	1971	1972	1973
N.E.P.R.*	0.10	0.63	0.33	0.12	1.80	0.69

*North East Planning Region(see Appendix 1)

Source:Smith,C.T.B.,et al Strikes in Britain

TABLE 3.12b:WORKING DAYS LOST THROUGH STOPPAGES,GRAMPIAN:GREAT BRITAIN (G.B.=1.0)

	1975	1976	1977	1978	1979	1980
Working Days lost,Grampian.	14396	7801	20376	22172	65340	17201
Grampian : Great Britain (G.B.=1.0)	0.32	-	0.25	0.30	-	-

Source :Dept. of Employment

in comparison to the structure of industry at a national level. Table 3.12b lists the working days lost through strike activity in the Grampian Region 1975 - 1980 and lists the ratio of working days lost in Grampian in comparison to the national figure in 1975, 1977 and 1978 (the three years for which accurate statistics for employment in Grampian are available).

The overall conclusion which can be drawn from the two tables is that the level of strike activity in the North East is considerably below the national average. In only one of the years (1972) is strike activity as measured by the number of working days lost, at a higher level in the North East than nationally.

The lack of militancy indicated by the stoppage figures in the area is obvious, but the causes of the low rate of strike activity are less so. The absence from the area of industries with a history of militancy (e.g. coal mining, automobile manufacture) is a partial explanation, but it does not explain the total difference in strike activity between the North East/Grampian and the country as a whole, for the ratios given in Table 3.12a take account of the absence of these industries. Other factors which, it is hypothesised, maintain strike activity at a low rate in the North East are the lack of many large sized establishments, and the existence of a "deferential" attitude amongst many workforces outwith urban Aberdeen.

It is generally acknowledged that the incidence of strike activity increases with the size of the establishment;(50) the fact that there are comparatively few large sized establishments in the Grampian Region may partially explain the lower stoppage rate in the area. (The considerable variation in stoppage rate in the area from year to year may also be explained by the fact that there are few large establishments, for when one such establishment experiences strike action it

may markedly affect the overall figure for the area).

It is not possible to provide conclusive support for the hypothesis that the existence of a "deferential" attitude amongst workers in the rural areas and small towns of the North East is a factor in the low level of strike activity, but circumstantial evidence exists which does indirectly support this evidence.

The voting pattern at General Elections indicates that outwith the City of Aberdeen, there is comparatively little support in the North East for the Labour party - indeed in most constituencies it is not even the main "opposition" political party (See Table 3.13).

The pattern of voting amongst workers has been discussed in a number of learned works,(51) a general conclusion being that the existence of a "deferential" attitude in an establishment or geographical area is often connected with a comparatively high vote for the Conservative party.(52)

The pattern of voting in the North East outwith urban Aberdeen, which shows the Conservatives dominant (aside from a brief era when the SNP was in its ascendancy) indicates the existence of the potential for a deferential attitude amongst sections of the workforce. The lack of support for the Labour party may also indicate a commensurate lack of commitment to the ideals of the trade union movement, for the philosophy and aims of the Labour party and the trade unions are traditionally based and firmly intertwined.

Writing in 1960, John R. Allan commented on the political beliefs of the inhabitants of Aberdeenshire:-

"There is a suspicion of socialism as an essentially urban and irresponsible affair."(53)

TABLE 3.13 :VOTING IN GENERAL ELECTIONS,NORTH EAST SCOTLAND.1970-1979.

Constituency	1970	1974(Feb)	1974(Oct)	1979
		(percentage of votes for each party)		
Aberdeen North	LAB 62.1 CON 22.0 SNP 8.4 LIB 6.4	LAB 47.7 SNP 23.3 CON 16.7 LIB 12.3	LAB 50.9 SNP 29.7 CON 11.3 LIB 8.1	LAB 59.3 CON 17.0 SNP 12.9 LIB 10.8
Aberdeen South	CON 45.4 LAB 43.3 LIB 6.0 SNP 5.3	CON 39.6 LAB 33.2 SNP 13.7 LIB 13.5	CON 35.5 LAB 34.8 SNP 20.1 LIB 9.6	CON 40.7 LAB 37.2 LIB 11.6 SNP 8.5
East Aberdeenshire	CON 40.9 SNP 29.8 LAB 18.0 LIB 11.3	SNP 50.8 CON 35.0 LIB 7.5 LAB 6.7	SNP 48.5 CON 35.5 LAB 9.4 LIB 6.6	CON 42.8 SNP 41.4 LAB 15.8
West Aberdeenshire	CON 46.6 LIB 32.5 LAB 15.6 SNP 5.3	CON 38.9 LIB 35.2 SNP 15.4 LAB 10.5	CON 35.7 LIB 29.9 SNP 22.2 LAB 12.2	CON 40.9 LIB 35.5 LAB 15.3 SNP 8.3
Banff	CON 38.7 SNP 22.9 LIB 21.0 LAB 17.4	SNP 46.1 CON 34.5 LIB 13.0 LAB 6.4	SNP 45.9 CON 37.9 LIB 8.9 LAB 7.3	CON 44.6 SNP 41.2 LAB 14.2
Moray&Nairn	CON 49.4 LIB 27.8 LAB 22.8	SNP 49.2 CON 43.7 LAB 7.1	SNP 41.2 CON 40.0 LAB 9.7 LIB 9.1	CON 40.1 SNP 38.9 LIB 12.3 LAB 8.7

Sources:Aberdeen Press and Journal;Craig,F.W.S Britain Votes 2

Two decades later, trade union officials contacted during research for this study echoed the statement:-

".....you daren't bring into discussions of recruitment any mention of politics..... it [the North East, outwith Aberdeen] tends to be a Tory area....." (54)

".....you can't go out and shout politics at them....." (55)

The available information on the workforce and industrial relations thus indicates that, in general, the workforce in the North East is not militant - in as much as the level of strike activity and the overall voting pattern would appear to indicate otherwise.

The implications for management in the North East of this apparent lack of militancy will be briefly considered in the next section, and will be more fully explored during the survey based examination of industrial relations in individual establishments.

(ix) Management and Industrial Relations in the North East (Preliminary Discussion)

The aim of this section is to provide a preliminary indication of the general nature of management and industrial relations in the North East of Scotland, by utilising the information presented in previous sections of this chapter, and by examining the impact of contemporary political and economic factors on management style. In examining the conduct of management-employee relations, the wider social, political and economic context in which the industrial relations process is operating - at both a local and a national level - cannot be ignored, as it will influence the nature of the relationship between the two parties.

The information relating to the North East and its industries and economy, which was presented in the previous sections of this

chapter, underlined the fact that the major local factor which had acted on the economic and social fabric of the North East was the development of the North Sea oil industry. The sections on population distribution and employment illustrated that the oil related industries had grown rapidly to become a major sector of the North East economy; the sections on unemployment and earnings showed that the impact of the oil related industries on the local economy had been significant, but uneven. The survey of industrial relations in North East Scotland, which forms a main theme of this study, must therefore reflect the importance of the oil related industries in the North East, and must examine the impact which the incoming oil related industries have had on industrial relations in the area - both in terms of examining the effect of oil related recruitment on the non oil related industries, and in terms of evaluating the extent to which the incoming oil related industries exhibit management styles which are atypical of industrial relations in the North East of Scotland (and indeed of British industrial relations in general).

The information on earnings and the labour market, examined earlier in this chapter, supports a hypothesis that, at individual establishment level, the impact of oil related recruitment on non oil related industry in the North East has been uneven, and often insignificant. The fact that there is not a homogeneous labour market in the North East, coupled with the fact that, as was shown in Chapter 2, many oil related establishments normally pursue a policy of non union industrial relations suggests that one feature which the survey will throw into relief is that there is, in general, a marked difference between establishment level industrial relations and management style in the oil related and non oil related sectors - although both sectors are operating in the same geographical region. (Stacey[1960] noted a similar feature in the town of Banbury. Local industries in

the town continued to follow a 'traditional' management style, and pay comparatively low wages when a large aluminium factory, which utilised a negotiatory policy of industrial relations, employed incoming workers and management, and paid high wages was located in the area. Stacey emphasised the lack of contact between the old and new industries).

The major contemporary factor acting on the economic and social infrastructure at a local level is the development of the oil industry; the major factor at a national level has been the impact of economic recession.

The salient feature of the British economy in the early 1980's is recession; the all too evident effect of recession has been a massive increase in the rate of unemployment. There has been considerable argument to what extent the recession alone has directly caused the increase in unemployment, and to what extent other factors - particularly the laissez faire economic policy of the Conservative government - have magnified the effect of recession, but whatever the arguments as to cause, the statistics are irrefutable - unemployment in national terms has risen from 6% of the working population in 1978 to 11.1% in 1981.(56)

The effect of economic recession, as measured by the increase in the rate of unemployment, has varied from region to region.(57) The North East of Scotland, for example, has been cushioned from the worst effects of the recession by the dynamic growth of the oil related sector, but the underlying trend in unemployment is upward, and some areas remote from oil related activity have experienced considerable increases in unemployment (see section on Unemployment).

What,then, has been the impact on industrial relations of the marked increase in the rate of unemployment? The most obvious

effect is that trade union strength, both in numerical and bargaining terms, has been severely reduced. In two years (1979-1981) national membership of the TGWU declined by 20%; national membership of the AUEW declined by 17%, and national membership of the GMWU declined by 8%.[58] The shadow of unemployment has loomed large at the bargaining table, for in many industries and establishments fear of redundancy ("The overriding mood among our employees is fear")[59] has been the major factor in stifling worker aspirations, as indicated by the reduction in the settlement level of wage negotiations[60] and by the decrease in strike activity to a comparatively insignificant level (The number of stoppages in 1981 was the lowest since 1941).[61] The overall impact of the recession on British industrial relations has been summarised by Taylor, who stated:-

"For the moment, the balance of power has shifted in industry from workgroups to the management. The slump has enabled employers to recoup former controls and take back other worker gains made during the years of affluence."[62]

Thus, one facet of contemporary industrial relations which must be examined in the survey is the effect, if any, of economic recession on management style within individual establishments. Utilising the terminology of management style developed in chapter 2, the present state of industrial relations in Britain - with management in the ascendancy - is theoretically propitious for the introduction of non union establishment level management-workforce relationships (i.e. "sophisticated paternalist", "autocratic" and "consultationary" management styles). However, in practice, the shift in power has been utilised by management in most establishments to achieve advantages within a negotiatory framework, rather than to replace the negotiatory framework of establishment level industrial relations with a non negotiatory alternative. The extension of management control

has normally been used to achieve short-term - and, arguably, in some instances, short-sighted - gains from the workforce (e.g. wage freezes,[63] wage reductions[64]) and in only a minority of cases has management grasped the oportunity to introduce a style of establishment level management-workforce relations which is atypical of the normally negotiatory based British industrial relations. Two examples of the introduction of a non union "sophisticated paternalist" management style have occurred at the St. Fergus gas gathering complex near Peterhead, and at the Shell-Esso petrochemical plant as Mossmorran, Fife, where thousands of job applicants were screened during recruitment in order that a non unionised, multiskilled workforce of 500 technicians could be employed, and observers[65] have also detected a move towards the introduction of the "consultationary" management style in a number of high-technology factories. However, in general, it does not appear that the shift in the balance of power in establishment level industrial relations has been accompanied by widespread and fundamental changes in managment style - but it will not be possible to comment further on, or prove or disprove, this general hypothesis as it applied to the North East, without first examining the empirical evidence obtained in the survey of establishments in the region.

(x) Summary

In summary, this chapter has examined the structure of the economy of the North East of Scotland, and the salient features which were thrown into relief were:-

(a) The dominant role of the City of Aberdeen in the local economy.

(b) The diversity of industries located in the region.

(c) The changes in the economic and social fabric of the area, engendered internally (by the rapid development of the oil industry) and externally (by the impact of economic recession).

The survey of industrial establishments in the North East of Scotland, which will be undertaken in forthcoming chapters, will have to reflect these salient features, by ensuring that the majority of establishments examined in the survey are located in Aberdeen, and by studying both oil related and non oil related industries in the survey.

This chapter also discussed factors relevant to the examination of management and industrial relations in the region, in order to provide a background to the survey of establishments. The main factors identified were:-

(a) The absence from the area, of a homogeneous labour market.

(b) The absence, in general, of indications of militancy in the North East workforce.

(c) The role of the oil industry, in introducing new styles of management to the area.

(d) The role of economic recession, in increasing the power of management vis-a-vis the workforce in the establishment.

The implications of the above factors for different industries and individual establishments in the North East of Scotland will be considered in the following chapters, in which the results of the survey of management and industrial relations are discussed and examined.

Chapter 3 : Footnotes

(1) Gaskin, Maxwell (ed.) : North East Scotland. A Survey of its Development Potential, p.5 (The Gaskin Report).

(2) Brent Field.

(3) Carson, W.G. : The Other Price of Britains Oil, p.33.

(4) For detailed discussion of development of North Sea oil related activity see Mackay, A.G..; Moir A.C. : North Sea Oil and the Aberdeen Economy.

(5) Department of Employment.

(6) Department of Employment.

(7) The Aberdeen TTWA consists of the city, suburbs and satellite towns within approximately fifteen miles.

(8) McDowall, Stuart; Begg, Dr. Hugh : Industrial Performance and Prospects in Areas affected by Oil Development, p.15. (The McDowall-Begg Report).

(9) Identified in the McDowall-Begg Report as the areas of largest employment growth in Grampian.

(10) The Gaskin Report, op. cit., p.64.

(11) North East of Scotland Joint Planning Advisory Committee : The Regional Report, p.11. (The NESJPAC Report).

(12) The NESJPAC Report, op. cit., p.13.

(13) The NESJPAC Report, op. cit., p.13.

(14) The Gaskin Report, op. cit., p.64.
Illsley, R.; Finlayson, A.; Thompson, B. : "The Motivation and Characteristics of Internal Migrants" in Millbank Memorial Fund Quarterly, vol.41, No.3, July, 1963.

(15) The Gaskin Report, op. cit. p.6.

(16) The Economist, November 6, 1965, p.xxi.

(17) The Economist, op. cit., p.xxi.

(18) The Economist, January 29, 1972, p.69.

(20) The NESJPAC Report, op. cit., p.18.

(21) See:- The McDowall-Begg Report, op. cit.

(22) In the early 1970's many "stopover" journalists were guilty of exaggerating the changes from sleepy rural area into "boom town".

(23) The Employment Services Division of the Manpower Services Commission when contacted (October, 1981) could supply only an overall figure of 208,500 employees in employment in the Grampian Region. This figure had been obtained from NESDA and was unsubstantiated.

(24) The most recent comprehensive employment statistics related to the Grampian Regoon available at the time of writing are from the June, 1977 Census of Employment.

(25) NESDA : Grampian Directory, 1982.

(26) The McDowall-Begg Report : op. cit., p.13.

(27) Scottish Council (Development and Industry) : Report of the Committee on Unemployment in Aberdeen and District, 1952. The Gaskin Report, op. cit.

(28) The Gaskin Report, op. cit., p.112.

(29) Aberdeen airport is the busiest heliport in Europe.

(30) The McDowall-Begg Report, op. cit., p.51.

(31) The McDowall-Begg Report, op. cit., p.51.

(32) The McDowall-Begg Report, op. cit., p.14.

(33) The years 1981 and 1982 have seen several closures of North East based subsidiaries including :- General Motors (Peterhead), Consolidated Pneumatic (Aberdeen), British Fish Canners (Fraserburgh), Culter Guard Bridge (Peterculter).

(34) M.S.C. : Aid for Industry, 1979 summarises aid available to incoming industry in Grampian prior to the ending of Regional Development Status.

(35) Arnold, Guy : Britains Oil, p.209.

(36) Arnold, Guy : op. cit., p.209.

(37) Arnold, Guy : op. cit., p.222.

(38) The McDowall-Begg Report, op. cit., p13.

(39) The McDowall-Begg Report, op. cit., p13.

(40) Scottish Economic Bulletin, Summer, 1979.

(41) Mackay and Moir, op. cit., p.50.

(42) Mackay and Moir, op. cit., p.50.

(43) Jamieson, David; McLeod, Andrew : "Implications of the Forecasts for Manpower and Training." Paper presented at the Oil and Gas Symposium, Aberdeen, April 2nd, 1982. Statistics were obtained from the Manpower Services Commission (December, 1981).

(44) Jamieson and McLeod : op. cit.

(45) An indirect effect of the oil industry, with the commensurate influx of comparatively highly paid employees to Aberdeen, has been to increase the cost of living (particularly housing) in the city. This has stimulated demands, so far unsuccessful, by the civil service unions and NALGO and APEX for an Aberdeen cost-of-living supplement.

(46) House, J.D. : "Oil Companies in Aberdeen. The Strategy of Incorporation" in The Social Impact of Oil in Scotland, (S.S.R.C.), p.94.

(47) Aberdeen University, Robert Gordon's Institute of Technology, Heriot-Watt University, etc. See:- Education and Training for Offshore Development : Department of Employment.

(48) Mackay and Moir : op. cit., p.51.

(49) See:- Smith, C.T.B. et al. : Strikes in Britain.

(50) Smith, C.T.B. et al. : op. cit., p.80.

(51) See:- (i) Stacey, Margaret : Tradition and Change.

(ii) Parkin, H. : "Working Class Conservatives : A Theory of Political Deviance". British Journal of Sociology, 18 (1967).

(iii) Mackenzie, R.T.; and Silver, A. : "Conservatism, Industrialism and the Working Class Tory". Transaction of the Fifth World Congress in Sociology, vol.11 (1962).

(52) Parkin, H. : op. cit., p.279.

(53) Hamilton, H.(ed.) : Third Statistical Account : The County of Aberdeen.

(54) (55) Interviews with trade union officials, January, 1982.

(56) Department of Employment.

(57) Townsend, Alan R. : The Impact of Recession.

(58) Taylor, Robert : Workers and the New Depression.

(59) Chief Executive of B.O.C., quoted The Observer (6.2.83).

(60) See:- C.B.I. Quarterly Surveys, 1980 - 1982.

(61) Taylor, Robert : op. cit., p.202.

(62) ibid., p.169.

(63) See:- (i) "Pay freezes becoming important". : Financial Times", 20.9.81.

(ii) "Peterhead workers asked to accept six month pay freeze".: Aberdeen Press and Journal, 22.10.81.

(64) At the Hyster manufacturing plant, in early 1983, the workforce was given the choice between redundancy and a wage reduction.

(65) See:- (i) Brown, William and Sisson, Keith : "Industrial Relations. The Next Decade." Industrial Relations Journal, Spring, 1983, p.12.

(ii) Brown, William. : "Britains Unions. New Pressures and Shifting Loyalties". Personnel Management, Oct. 1983.

CHAPTER 4 :- The Survey: Introduction

The survey of industrial establishments in the North East of Scotland was conducted in the period May - October, 1981.

The method of conducting the survey was as follows:-

(1) Introductory letter sent to respondent at each establishment - either addressed to specific individual, where known, or addressed to "The Personnel Manager". The letter outlined the main objective of research, and stated that a telephone call would be made to the establishment in order, where agreed, to arrange a date for interview.

(2) Telephone call made to each establishment to determine if respondent was willing to be interviewed for the survey. If the answer was in the affirmative, a date and time were arranged when the interview was to be conducted at the establishment.

(3) Interview utilising a structured questionnaire (See Appendix 2). Minimum length of time for an interview was approximately 30 minutes, but on most occasions the length of time for the interview was approximately one hour, and incorporated additional discussion.

The establishments selected as potential sources for interview were chosen randomly from background information obtained from:-

(a) NESDA Trade Directory 1981

(b) "The Press and Journal"

(c) Sources at Business School, R.G.I.T.

Ten industries (six manufacturing, four oil related) were covered in the survey and the response rate from each industry was as follows:-

Industry	Contacted	Interviewed	Response Rate (approx.)
Food processing	7	5	71%
Fish processing	8	5	62%
Textiles	7	5	71%
Papermaking	6	6	100%
Fabrication Engineering	8	5	62%
Mechanical Engineering	7	5	71%
Oil related Service Engineering	12	7	58%
Oil catering	7	5	71%
Oil drilling	10	5	50%
Oil exploration and production	7	6	85%

In total, 54 interviews were conducted, the overall response rate being 68%.

A selection criterion incorporated in the interview schedule to ensure that establishments covered in the survey were of a significant size was that the minimum number of employees at the establishment was 50. The size of establishment, in terms of the number of employees, was categorised as follows:-

Category	Size
"small"	50 - 199 employees
"medium"	200 - 499 employees
"large"	500 - 999 employees
"very large"	1000+ employees

A total of 54 "small", "medium", "large" and "very large" establishments were covered in the survey, the breakdown by industry being as follows:-

Industry	Size			
	"small" (50-199)	"medium" (200-499)	"large" (500-999)	"very large" (1000+)
Food processing	3	1	1	-
Fish processing	3	1	1	-
Textiles	3	-	2	-
Papermaking	-	4	2	-
Fabrication Engineering	5	-	-	-
Mechanical Engineering	1	2	2	-
Oil related Service Engineering	3	4	-	-
Oil catering	-	5	-	-
Oil drilling	1	3	1	-
Oil exploration and production	2	1	1	2

The total employment in the 54 establishments covered in the survey was approximately 20,000. (This represents approximately 10% of total employment in the Grampian Region).

The data obtained from the survey was supplemented by additional information acquired from "follow up" telephone and postal contact with the respondents in the establishments, and from interviews with trade union officials from the relevant manual and non-manual trade unions.

CHAPTER 5 :- Fish Processing

(i) Background

The fishing and fish processing industries have long and well established roots in the North East of Scotland, and the area is of considerable importance to the fishing industry in national terms - Peterhead, Aberdeen and Fraserburgh are (in terms of value of fish landed) respectively the first, third and sixth[1] most important ports in the United Kingdom. The above three ports alone accounted for approximately 28% of the total value of fish landed in the United Kingdom in 1981.[2]

The fish processing industry in the North East is located mainly in Aberdeen, and to a lesser extent, Fraserburgh (Peterhead has only become an important fish landing port in recent years, and the proximity of established fish processing facilities at Aberdeen and Fraserburgh, has negated the need for the development of extensive processing facilities at the port.) The salient features of the industry are the small size of the majority of the units of production - of 232 fish processing firms in Aberdeen (1976), 213 employed less than 30 of a workforce, and only 6 employed more than 100 workers[3] - and the informal organization of most of these units. In general, fish processing establishments are controlled by an owner-manager, with a mainly casual workforce of hand filleters; professional management exists, but mainly in the few larger establishments (often branch factories of national corporations), where the existence of freezing facilities (and thus more regulated supply of raw material) has enabled the development of machine technology and a more stable workforce. These larger establishments are of post World War II origin.

No recent statistics of employment in the fish processing industry are available, but in 1979, approximately 5500 workers were directly involved in white fish processing in the North East.(4) (This would have accounted for approximately one-third of the total employment in the Food, Drink and Tobacco industrial classification, which, in turn, accounted for approximately 40% of total manufacturing in Grampian Region.) Without comprehensive statistics it is not possible to estimate more accurately the overall importance - in employment terms - of the fish processing industry in the North East.

The organization of the North East fish processing industry has recently been examined by Deas(5) who indicated that in many small establishments the labour force was mainly non-unionised, and that only in few larger establishments was there a sufficient stability of workforce to enable unionisation.(6) An examination of the industrial relations of the North East fish processing industry was beyond the scope of Deas' thesis, but he did comment:-

"Union membership of the large firm sector is uneven and fragmented." (7)

This chapter will concentrate on examining industrial relations in the "large firm sector", and it must be borne in mind that all data and conclusions will relate to the "large firm sector" only and not to the industry in general.

The North East fish processing establishments are mainly dependent on the availability of supplies of fish landed in Scottish ports, and in recent years the decline of the Scottish - and United Kingdom - fishing industry (due to problems with Common Market membership, previous overfishing, fluctuating prices and the rapid increase in fuel oil prices) has adversely affected the fish processing sector in general, and the large firm sector in particular.

Deas indicated that in the years 1974-1980 four of the seven fish processing firms employing more than 200 employees in Aberdeen had closed.(8)

Against this background of dwindling supplies and factory closures it is perhaps surprising that three of the five establishments covered in the survey indicated that demand for their products had increased in the previous twelve months. In the case of two of the three establishments, the increase in demand can be explained by the fact that the establishments had secured contracts to supply national supermarket chains. (A source of constant and considerable demand for processed fish not available to most establishments in the industry). The reported increase in demand for the products of the third establishment was only temporary, for it ceased trading a few months after being included in the survey. The fourth and fifth establishments covered in the survey indicated that the demand for their products had decreased in the previous twelve months.

Only one of the five interviewees indicated that the change in demand had affected industrial relations - decreased demand at one establishment had "created a climate in which the union had maintained a low profile".

In summary, the fish processing industry is of considerable importance - in employment terms - to the North East economy, but much of the employment is in small size units. The few larger establishments (of which five were examined in the survey) are of comparatively modern origin, and their experience of recent problems in the fish industry - in terms of the demand for their products - has varied.

(ii) The Establishments (see Table 5.1)

Five establishments in the large sector fish processing industry in the North East of Scotland were covered by the survey.

One establishment (A) had approximately 600 employees and was in the 'large' size category, one (D) employed approximately 370 and was in the 'medium' size category, and the other three establishments (B,C,E) were in the 'small' size category, each having a workforce of 50 -199. All five establishments were located in urban sites; four (B,C,D,E) were in Aberdeen, the fifth (A) in Fraserburgh.

Establishment C ceased trading shortly after being included in the survey.

(a) Employers Associations

None of the five establishments belonged to an employers association which acted as a negotiating body, and indeed no such association exists in the fish processing industry. Multi-employer organizations exist for the purposes of political lobbying and trading, but bargaining between management and workforce, where it exists, is limited to establishment level. This lack of multi-employer level bargaining is in contrast to food processing in general (78% of food processing firms in Brown's survey were members of an employers association) but is perhaps unsurprising in the particular context of the North East fish processing industry where informality of establishment organization is the norm and trade union membership is fragmented.

(b) The CBI

Two establishments (A and C) indicated that they had indirect membership of the CBI, through being branch factories of companies with

corporate membership. No establishment reported that it had direct membership of the CBI.

(c) Ownership and Control

Three establishments (A,C,D) were branch factories of national food processing companies, two with head offices in England, and one with head office in Edinburgh. Establishment D had until recently before the survey been both owned and controlled by a local family who had retained a large measure of independence in the running of the establishment after the takeover.

Establishments B and E were locally owned and controlled.

(iii) The Workforce (see Table 5.2)

(a) Composition

The workforce in the five establishments was predominately female - in three of the five establishments (A,B and D) over 75% of workers were women - and predominantly manual (between 78% and 88% of total workforce in the establishments was manual).

The majority of workers in the establishments were unskilled, or semi-skilled machine operatives; additionally, a small number of personnel in each establishment were employed as skilled maintenance crew.

None of the five interviewees reported that recruitment of their employees by the oil related industry had been a major factor in the previous few years - both the lack of transferable skills and the fact that the majority of the workforce was female would provide barriers to oil related recruitment. One interviewee (establishment A) indicated that "some craftsmen went (to oil related companies) but not many". Another (establishment C) stated that the coming of the oil industry had "pushed up salaried staff wages by 15%, but had not much effect on the unskilled", adding that "the unions hadn't exploited the situation created by the growth of the oil industry in the area - we've got away with murder".

(b) Trade Union Membership

In the introduction to this chapter, Deas was quoted from his thesis on the North East fishing and fish processing industries as saying that trade union membership in the large firm sector of the fish processing industry was "uneven and fragmented"; the pattern of trade union membership in the five establishments examined in the survey provides support for this statement.

(c) Trade Union Organization

The methods for representation of trade union members varied markedly in the three establishments in which collective bargaining was present. An underlying reason for the variations in representational organization was the fact that a different main trade union, with differing organizational structure, was present in each establishment.

At establishment A - the largest fish processing establishment examined in the survey - all sections of the workforce were involved in the bargaining process, the majority as members of the USDAW, or its white collar section, SATA. USDAW follows a policy of decentralisation ("it prefers locals to make more of the running") and the local full-time official had made only one visit to the establishment during the second stage of the annual wage negotiations. At all other times, communication and negotiation between workforce and management was exclusively establishment based, and carried out in a formal atmosphere - with regular meetings (including a consultative committee) occurring between management and elected worker representatives of the trade unions.

At establishment C, the TGWU was the only reported trade union, and the fact that the local full-time official had only made one visit to the establishment in the previous year (during pay negotiations) reflected the devolutionary policy of the union. A shop stewards committee existed, but meetings with management - aside from the annual wage negotiations - were irregular and mainly on an informal basis. In the opinion of the interviewee the stewards were establishment/company orientated, rather than union orientated - "They're plant men".

At two of the establishments (B and D) trade union membership was insignificant - at establishment B none of the workforce was a trade union member , and at establishment D only a single worker (the factory nurse - a member of NUPE) was a trade union member. The manager at establishment D when asked what the reaction of the company would be to a trade union asking for negotiating rights, stated:- "We would give every facility - they just haven't bothered".

In the three other establishments, trade unions were recognised for collective bargaining purposes, and the majority of the manual workforce were members of a trade union - but in each establishment the main trade union (in terms of membership) was different.

In establishment A, USDAW was the main union for manual workers (along with EETPU and AUEW for the small craft sections). White collar staff were represented by SATA (USDAW staff section) and by ASTMS; in addition, a company level management association was being formed ("It's in its infancy but will apply for the TUC").

In establishment C, the interviewee indicated that the manual workforce were members of the TGWU, and that membership was 100%, although no 'closed shop' entry qualification was in operation. No other trade union was reported as having members at the establishment.

In establishment E unskilled and semi-skilled workers were members of the GMWU, and the small number of craft workers were members of the AUEW.

In summary, of the five fish processing establishments examined in the survey, three recognised trade unions for collective bargaining purposes. However, in each of the three establishments a different trade union represented the majority of the workforce.

At establishment E, the major trade union involved in the management-workforce relationship was the GMWU (with the small craft sector being members of the AUEW). The GMWU follows a less devolutionary path than the TGWU and USDAW, and the local full-time GMWU official had made 'a number' of visits to the establishment during the previous year - at the time of the annual wage negotiations he was accompanied by the Scottish organiser of the union. Establishment level worker representation was the responsibility of a single GMWU shop steward who had worked in the establishment for over twenty years. Familiarity had evidently bred informality, for aside from the annual wage negotiations and occasional visits from the full-time official, the relationship between the steward and management was informal and mutually supportive - "he (the steward) knows the ropes".

At establishment B, in the absence of formal channels for management-worker communication, consultation and negotiation, a 'spokesman' was elected by the workforce at the time of the annual pay award. However, with the lack of any coherent workforce organization to provide bargaining strength, the position of the spokesman cannot be viewed as tenable in a negotiatory sense; his role being symbolic rather than functional.

At establishment D, a committee (including worker representatives) met annually to discuss the potential wage increase for the year ("The Pay Review Board"). However, the committee had consultational status only, for the actual wage increase - if any - was decided solely by management after a consideration of the findings of the committee.

Thus, in three of the five establishments (A,C,E) some form of trade union organization existed for the representation of the workforce

but in two of the three establishments (C and E), the relationship with management was basically informal (aside from at the time of the annual wage negotiations). In the two establishments without a trade union membership, some alternative form of worker representation existed - in one instance, formal (establishment D) and in one instance, informal (establishment B), but in both cases the representational element was merely a token gesture, and management prerogative to manage was, in practice, unchallenged.

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 5.3)

(a) Absenteeism

The rate of absenteeism in the establishments varied from 1% to 12%. No explicit reason was given in any establishment to account for the rate of absenteeism, but the fact that in establishment D working conditions were better than the norm[9] ("It's a modern factory with clean conditions") provides one explanation for the relatively low rate of absenteeism in that establishment. At establishment C the comparatively high rate of absenteeism may reflect the fact - known to the workforce - that the establishment was soon to close.

No general conclusion can be drawn from the available information on absenteeism, it can only be stated that the rate of absenteeism varied markedly in the five establishments.

(b) Labour Turnover

Statistics on labour turnover were compiled in three of the establishments examined in the survey (A,C,D). The lack of statistics on turnover at establishments B and E is in itself an indication of the generally informal style of management in those establishments.

In establishments A and C, monthly turnover was at the low rate of approximately 1.9% and 2% respectively, in comparison to the appropriate national figure of 3.8%. (Bacon curing, meat and fish products),[10] whereas at establishment D, monthly turnover was at the comparatively high rate of 6%.

It is not possible to account for the differences in the rate of turnover - especially at establishment D, where the good working conditions and low absenteeism both indicate that turnover should have been at a lower level than was the case. What can

be stated, however, is that the available information on labour turnover in the large size fish processing establishments does not indicate that turnover was at the high rate evident in the smaller establishments examined by Deas.(11)

(c) Industrial Action

In general, industrial action was not a major factor in the five establishments examined in the survey. At three establishments (B,C, and E) none of the listed indicators of industrial action had occurred, and at establishment D the only incident had been a threat to strike (It is unclear, in this non-union establishment, who made the 'threat' and how the threat to strike would have been transformed into action).

In establishment A, however, a number of incidences of actual industrial action had occurred. The major union (USDAW) had called a two-week stoppage during wage negotiations two years previously, and the AUEW craft workers had operated an overtime ban and a work to rule, also during a wage dispute. The fact that trade union organization was most coherent at this establishment is probably the underlying reason for the industrial action which had occurred; conversely, the lack of trade union organization - if any - and the fact that shop stewards in other establishments were 'plant men' (i.e. more loyal to the company than the union) is the underlying factor in the explanation of the absence of industrial action in the other establishments.

In summary, the available information on absenteeism and labour turnover is incomplete, and, in some instances, (notably at establishment D) the available evidence on absenteeism and turnover appears contradictory. It is not possible to draw any general

conclusions as to the stability of the workforce from the available information, other than to state that the workforce in the large firm is comparatively more stable than that in the more numerous small establishments. The data on industrial action provides little evidence of militancy in the fish processing workforce, and this lack of militancy is due, at least in part, to the fragmented pattern of trade union membership and the nature of establishment level union representation.

(v) Management and Industrial Relations (see Table 5.4)

(a) Management Organization

The percentage of management and supervisory staff in comparison to toal workforce varied in the five establishments. In the three 'small' establishments (B,C, and E) management and supervisors accounted for between 4.9% and 6% of total workforce size, whereas in the 'medium' and'large' establishments (A and D respectively) the percentage of management and supervisory staff was considerably higher - at 8.1% and 10.9% respectively. The underlying reason for this variation will be discussed later in the chapter, when management organization and style is examined in detail, it is sufficient at present to state that the comparatively greater incidence of managerial and supervisory staff at establishments A and D is a preliminary indicator that, in those two establishments, greater importance is attached to the development of managerial organization and the role of management in the establishment.

The noted lack of a developed managerial organization, and lack of formal management-workforce relations, in the three small establishments (B,C and E) is further emphasised when it is noted that in each establishment responsibility for industrial relations was retained by the general manager in charge of the day-to-day running of the establishment. No industrial relations or personnel specialist was present in any of the three establishments, and, additionally, no industrial relations training was given to management.

Industrial relations training for line management was also lacking in establishment A, but responsibility for industrial relations was delegated to a specialist department - a personnel manager and his assistant. The existence of a specialist personnel/

industrial relations functionary is in keeping with the formal management-worker representative relationship described previously in the chapter.

In establishment D, no collective bargaining occurred, but considerable attention was given by management to the development of alternative, non-negotiating lines of communication - both formal (grievance procedure and consultative committee on pay) and informal (management 'walkabouts' on the shop floor). In addition, the management themselves held regular meetings to discuss certain job related topics (Work organization was the topic of a weekly management meeting, and working conditions the topic of a monthly management meeting). Such a positive attitude towards the development of a functioning management - (non unionised) worker relationship entailed considerable commitment to the development of establishment level managerial organization. Not only was the number of managerial staff in the establishment at a relatively high level in comparison to other establishments, but a total of 8 managers (including a personnel specialist) were reported as having specific responsibility for industrial relations. In addition, management at the establishment were given industrial relations training - the only fish processing establishment in the survey at which such training occurred.

(b) Management Style (see Table 5.5)

In considering the indicators of management style, it is apparent that management style in each establishment is as follows:-

Establishment A - "Functional Negotiatory"

The majority of the workforce in this establishment was unionised,

and a highly developed trade union organization existed. A separate personnel function was evident in the establishment, and although industrial relations training was not given to line management, the relationship between management and workforce representatives was based on regular, formal meetings.

Establishment B - "Autocratic"

The relationship between management and non-unionised workforce was predominately informal and on a "one-to-one" basis, with no recourse being made to formal representational channels. No separate personnel function was apparent in the establishment, and no industrial relations training was given to management.

Establishment C - "Superficial Negotiatory"

The workforce in this establishment was completely unionised, and elected worker representatives were located "on site". However, meetings between worker representatives and management were irregular, and infrequent. No personnel/industrial relations specialists were employed at the establishment, and no industrial relations training was given to line management.

Establishment D - "Sophisticated Paternalist"

The workforce was not unionised, and the relationship between management and workforce was based on "one-to-one talks with workers, on a management consultative committee on pay, and on management commitment to maintaining a high standard of working conditions. A separate personnel function existed "on site", and the - comparatively large sized - management staff was given industrial relations training, with many managers having a specific responsibility for industrial relations.

Establishment E - "Superficial Negotiatory"

The workforce in the establishment was mainly unionised, and a single elected representative was based "on site". The representative had worked in the establishment for a number of years, and a close, informal relationship had developed between management and himself, this relationship being given a formal facade only during the infrequent visits by the full-time official. No personnel function existed in the establishment, and no industrial relations training was given to management.

There is a distinct relationship between management style in the five establishments and the establishment correlate of establishment size. The three "small" sized establishments (B,C and E) were distinguished by management styles which were predominately informal (superficial negotiatory at establishments C and E; autocratic at establishment B) whereas the single "medium" sized establishment, and the single "large" sized establishment were characterized by predominately formal management styles (sophisticated paternalist at establishment D; functional negotiatory at establishment A). There was no such distinct relationship between management style and the establishment correlates of location and ownership - establishment location was urban for all the establishments, and ownership varied, being either local or national, with no discernible direct relationship with management style.

(vi) Management and Collective Bargaining (see Table 5.6)

(a) Levels and Scope of Bargaining

In the three establishments at which collective bargaining occurred, all issues were negotiated at establishment level, but the range of issues negotiated in each establishment varied considerably.

In establishment A a comprehensive range of issues (all listed issues aside from redundancy) were stated to be negotiable; in establishment C, a considerable range of issues was indicated as being subject to negotiation; and at establishment E only the fundamental job related issues of pay, hours of work and discipline were reported to be negotiable. The underlying reason for the variation in issues negotiated - if any - will be examined in the next section, when management style in each establishment is related to collective bargaining.

No interviewee stated that the range of issues subject to negotiation had altered in the last few years, and only one interviewee (at establishment A) indicated that there had been a change in the amount of negotiating activity - at establishment A negotiating activity had decreased in the last few years (This reflects the previously noted "low profile" recently maintained by union representatives in the establishment).

(b) Management Style and Collective Bargaining

At two of the three establishments at which collective bargaining occurred, the management style and the range of issues covered in negotiations correlated - in establishment A the management style of functional negotiatory equated with the comprehensive range of issues subject to negotiation (all listed issues aside from redundancy were negotiated) and in establishment E the superficial

negotiatory style of management related to the narrow range of issues negotiated (Only the fundamental job related issues of pay, hours of work and discipline were subject to negotiation).

In the third establishment at which collective bargaining occurred (establishment C) a considerable range of issues was indicated as being subject to negotiation - perhaps more than would be expected in an establishment with a "superficial negotiatory" style of management. However, many issues would have been negotiated only at the time of the annual meeting between management, established union representatives and full-time official, when the negotiating relationship was on a formal basis.

In establishments B and D, the lack of collective bargaining on any issues can be directly related to the management style in each establishment - collective bargaining is not a feature of establishments at which the management style is either autocratic or sophisticated paternalist.

In general, the data on management style and the range of issues subject to negotiation does correlate in the fish processing establishments covered in the survey. The variations in both management style and in the range of issues covered by collective bargaining evident in the five establishments provide a clear indication of the fragmented nature - specifically in terms of industrial relations - of the industry.

(c) Management Attitudes to Collective Bargaining

As has previously been indicated, establishment level bargaining was the norm in the three establishments in which negotiations with trade unions were undertaken. The attitude of the three interviewees to this form of bargaining was one of approval -

all three interviewees indicated that they preferred to negotiate all issues at establishment level, and two of the three interviewees stated that they did not want to see any change in the range of bargaining which occurred. One interviewee, however, (at establishment D) indicated that he would have preferred "further independence from head office" in negotiations.

The attitude of the three interviewees to the role of worker representatives was also one of general approval. All three indicated that worker representatives were "useful" in solving industrial relations problems. As previously stated the representatives at establishments C and E were considered by management to be establishment orientated ("plant men") rather than union orientated - the perceived "realistic viewpoint" of the representatives in the two establishments explains the attitude of approval. In establishment A, however, management approval of worker representatives was based solely on the recent behaviour of the representatives - the economic problems apparent at the factory had compelled the representatives to"maintain a low profile" within the establishment.

Thus, in general, the attitude of managers in the three establishments at which collective bargaining occurred was that elected worker representatives were of help, and that all negotiations were carried out at the most appropriate level - the establishment - and that the minimum possible outside interference was preferable.

The attitude of management at the two establishments at which collective bargaining did not occur is difficult to gauge - especially in establishment B where the complete absence of negotiations, trade union members, and management commitment to

developing relations with the workforce prevents any conclusions being drawn.

At establishment D, the stated willingness of management to allow unionisation of the workforce would appear to indicate that collective bargaining would be approved by management. However, the considerable commitment by management to developing a sound non-union industrial relations policy(and hence reducing the stimulus for unionisation and circumventing the need for collective bargaining) provides a contradiction to the above statement - the "willingness" to allow unionisation professed in the statement may be more apparent than real.

In summary, collective bargaining is not widespread in the North East fish processing industry; where it is present, the range of issues negotiated varies, but all negotiations are carried out at establishment level. The reasons for the occurrence, or otherwise, of negotiations, and the variation in the range of issues negotiated are closely related to the fragmented nature of union membership and organization in the industry and to the differing management styles evident in the North East fish processing industry.

TABLE 5.1 Establishment Information(Fish Processing)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?
A	"large"	NO
B	"small"	NO
C *	"small"	NO
D	"medium"	NO
E	"small"	NO

*ceased trading

C.B.I.?	LOCATION OF HEAD OFFICE
NO	GB
NO	local
NO	Sco
NO	GB
NO	local

TABLE 5.2 :Workforce Representation (Fish Processing)

ESTABLISHMENT	TRADE UNIONS	T.U. DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	USDAW(SATA) EETPU ASTMS AUEW	?	Shop stewards from each union,in separate regular formal meetings with management.	1
B	-	-	Elected "spokesman" at time of annual wage demand.	-
C	TGWU	100%	Shop stewards committee.Irregular formal meetings with management.	1
D	-	-	Management conducted "Pay Review Board"	-
E	GMWU AUEW	?	One shop steward,aided by full time official at time of negotiation.Relationship informal apart from during annual negotiation.	"few"

TABLE 5.3: Absenteeism, Labour tunover and Industrial action (Fish Processing)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (monthly)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	8%	2%	-	X	-	X*	X*	-
B	"v.small"	?	-	-	-	-	-	-
C	12%	2%	-	-	-	-	-	-
D	1%	6%	-	-	X	-	-	-
E	5%	?	-	-	-	-	-	-

* Craft union only.

TABLE 5 .4:Management Organisation (Fish Processing)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?	I.R.TRAINING FOR MANAGEMENT?
A	8.1%	YES	NO
B	5.4%	NO	NO
C	4.9%	NO	NO
D	10.7%	YES	YES
E	6.0%	NO	NO

TABLE 5.5 : Management Style (Fish Processing)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE	PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
A	"large"	?	YES	Regular formal meetings with workforce representatives.	YES	NO	"Functional Negotiatory"
B	"small"	-	NO	Informal.	NO	NO	"Autocratic"
C	"small"	100%	YES	Irregular, mainly informal, meetings with workforce representatives.	NO	NO	"Superficial Negotiatory"
D	"medium"	-	NO	Formal, one-to-one.	YES	YES	"Sophisticated Paternalist"
E	"small"	?	YES	Irregular, mainly informal meeting with workforce representative.	NO	YES	"Superficial Negotiatory"

TABLE 5.6: Management Style and Collective Bargaining. (Fish Processing)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Functional Negotiatory	E	E	E	E	E	-	E	E	E
B	Autocratic	-	-	-	-	-	-	-	-	-
C	Superficial Negotiatory	E	E	E	E	E	E	-	-	-
D	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
E	Superficial Negotiatory	E	E	E	-	-	-	-	-	-

E = Establishment level

C = Company level

N = National level

Fish Processing : Footnotes

(1) Ministry of Agriculture, Food and Fisheries.

(2) Ministry of Agriculture, Food and Fisheries.

(3) Deas, Barrie C. : Relations of Production and Exchange in the Fishing and Fish Processing Industries of North East Scotland. (Unpublished Ph.D. Thesis, RGIT, 1981) p.125.

(4) Deas, Barrie C. : op. cit., p.124.

(5) Deas, Barrie C. : op. cit.

(6) Deas, Barrie C. : op. cit., p.192.

(7) Deas, Barrie C. : op. cit., p.192.

(8) Deas, Barrie C. : op. cit., p.198.

(9) In a survey of 197 Aberdeen fish processing establishments, the District Environmental Health Officer discovered that 84 did not meet the minimum standards of food hygiene; 73 did not have a washing-up sink, and 82 did not have a hot water supply. (Aberdeen Evening Express, 31.10.80).

(10) Department of Employment, September, 1981.

(11) Deas, Barrie C. : op. cit., p.191.

CHAPTER 6 :- Food Processing

(i) Background

Food processing is a major employer in the North East - in 1977 8.1% of the total workforce (37.2% of manufacturing employment) was employed in the Food , Drink and Tobacco[1] classification. The two main industries covered by this classification were the processing of the products of the agricultural sector which will be examined in this chapter, and the processing of the products of the fishing sector, which were examined in the preceding chapter.

The agricultural produce processing industry in the North East is closely linked to the well established local agricultural sector, from which it obtains most of the unprocessed foodstuff (mainly meat and dairy produce) used in the production process. Establishments involved in the processing of agricultural produce are located throughout the area.

The economic recession has had an impact on the industry in the North East - one poultry processing establishment (not examined in the survey) closed in 1981, and others including some of those examined the survey, had instigated short time working or redundancy measures. Interviewees at two of the five establishments covered in the survey indicated that demand for the products of the establishment had declined; at two other establishments demand was stated to be the same as in the previous year; and the interviewee at the fifth establishment indicated that demand had risen (mainly due to the introduction of a "new line" of product).

The recession was generally perceived by management to have had an effect on industrial relations. At one establishment - in which demand was static - the interviewee stated that "changes in

the economic climate have affected industrial relations in the broadest terms." A second was more specific, stating that there was now "more power in management hands." This increase in "power", and the more general effects of the recession were most apparent in a third establishment, where a redundancy scheme had been used to weed out those workers whom management perceived to be "troublemakers" - "We got shot of a lot of rebels during redundancy".

In summary, the processing of agricultural produce is a major industry in the North East. The economic recession has, in general, had a detrimental effect on the industry - in keeping with all sectors of manufacturing - but the effect on individual firms is varied.

(ii) The Establishments (see Table 6.1)

The 1982 NESDA Directory[2] lists 17 firms involved in the processing of meat and other agricultural foodstuffs - of which only 12 employ over 25 of a workforce.

Five of these establishments - each employing more than fifty workers - were examined in the survey. Four were located in the Aberdeen area; the fifth was located in a small town in the agricultural hinterland, some twenty miles from Aberdeen.

One establishment (A) employed approximately 600 workers and was in the 'large' size category; one establishment (B) employed approximately 480 workers and was in the 'medium' size category; the three other establishments (C,D,E) each employed 120 - 150 of a workforce and were in the 'small' category. (The workforce at A,B and C included substantial numbers of sales, marketing and distribution

staff, often not located on site.) Establishment D was located in the rural town.

(a) Employers Associations

Two of the five establishments (A and B) were members of an employers association which negotiated at a national level with trade unions - in the former case, the employers association was the Bacon and Meat Manufacturers Association, in the latter, the Co-operative Employers Association. A third interviewee (at establishment C) indicated that his establishment was also a member of an employers association which negotiated with unions at a national level; in fact, all negotiations were carried out at establishment level - the employers association merely supplied guidelines for negotiation. The interviewees at the remaining two establishments did not report membership of any employers association.

This fragmented picture - two establishments party to different national agreements, one establishment receiving guidelines on negotiation, and two establishments free from outside intervention in negotiation - reflects the national situation, where the membership distribution of food processing establishments in employers associations has been viewed as "complex".(3)

(b) The CBI

Two of the five interviewees (at establishments A and E) indicated that their establishments were members of the CBI - in each case due to the establishment being a branch factory of a nationally based company which had corporate membership of the CBI. The fact that none of the establishments is an independent member of the CBI reflects the low level of membership of food-processing

establishments in the Confederation.(4)

(c) Ownership and Control

Two establishments (A and E) were branch factories of nationally based, multi-product companies who had head offices in England. (Both had originally been independent establishments, but had been taken over by nationally based conglomerates). The three other establishments were independent and locally controlled although the status of establishment B is unusual, being a public limited company with a considerable amount of shares being held by the workforce.

(iii) The Workforce (see Table 6.2)

(a) Composition

The composition of the workforce in the five establishments varied considerably. Manual workers accounted for between 60% and 95% of total workforce in the establishments (At the establishments with a sales and distribution function - A,B and D - manual workforce size was proportionately smaller); the ratio of male:female workers varied from 9 : 1 (establishments D and E) to 1 :1 (establishments A and B) to 1 : 9 (establishment E).

The majority of the "on site" workforce (sales and distribution staff were often located "off site") were employed as operatives, preparing, processing and packaging the meat or dairy produce; in addition, each establishment employed a proportionately small number of engineering and building craftsmen as maintenance crew.

In the Aberdeen based establishments recruitment of maintenance staff by higher paying oil related companies had previously been a

problem according to the interviewees, but the emphasis was very much on the past tense:-

" the [oil recruitment] problems with the skilled are over" (establishment B); "oil had an effect, recruiting engineers and welders..... we couldn't pay the [wage] rates." (establishment C).

It was apparent that the previous instability of the craft workforce in the mid-1970's had diminished considerably by the time the survey was undertaken.

(b) Trade Unions

Trade Union members were employed in all five establishments, but at one (D - the rurally located establishment) the number of union members - four - was insignificant. A ballot had been held in the establishment in 1972 to determine whether or not the workforce wished to be represented by the TGWU, and the vote indicated that "the workforce didn't want unionisation". The apparent apathy - or antipathy - towards trade unionism, evident in the result of the ballot may be an indication of a 'deferential traditional' workforce; the location of the establishment - in a comparatively remote rural township - certainly conformed to the environmental prerequisite for such a workforce.

In the four urban establishments, the workforce was predominately unionised - in two establishments (A and B) a post-entry closed shop was in operation, and in the other two (establishments C and E) over 90% of the workforce was unionised.

In the 'large' and 'medium' sized establishments (A and B - the closed shops) a number of different trade unions represented different sections of the workforce. In establishment A the main trade union - representing the majority of the process workers - was USDAW; other sections of the workforce - distribution and

craft - were represented by the TGWU, AUEW, UCATT and EEPTU. Salaried staff were represented by SATA (USDAW "white collar" section). In establishment B, the TGWU was the most prominent trade union, but USDAW, EEPTU, AUEW and UCATT also represented sections of the workforce.

At the two 'small' establishments with a unionised workforce (B and E), the only trade union representing the workforce was the TGWU.

Unionisation of the workforce is thus a major factor in the four urban establishments, the major unions involved being the TGWU and, to a lesser extent, USDAW. In the four establishments with a significant trade union membership, trade unions were recognised for collective bargaining purposes.

(c) Trade Union Organisation

In establishments C and E, the small workforce size and the fact that only one union represented the workforce enabled union organization to be relatively simple compared to the two bigger establishments where a number of different unions represented different sections of the workforce.

In establishment A, a coherent and integrated organization of 'on site' representatives existed - based on a joint shop stewards committee, formed of eight stewards (seven, including the chairman and vice-chairman were members of USDAW, the eighth was a representative of the craft workers). The strong establishment level organization of the USDAW membership (indicated by the closed shop agreement and the JSSC under USDAW leadership) is atypical of the union which normally relies heavily on the intervention of the local

full-time official in establishment industrial relations[1]:-

"Workplace bargaining is not very well developed in the trades and industries in which USDAW is represented..... The lay membership of USDAW is generally disorganised and has a high degree of dependence on the services of the full-time officials." (5)

In the case of this establishment the local full-time official had only made one visit in the previous year - and his visit was solely related to matters concerning the clerical workers (SATA section of the union) in the establishment. The full-time officials of the other unions with membership at the establishment had also made a single - joint - visit to the establishment in the previous year.

The relationship between workers and management in the establishment was formalised - based on regular formal meetings between the joint shop stewards committee and management, underpinned by a written grievance procedure - and relatively free from the intervention of outside agencies.

In establishment B, union organization was not integrated, and separate negotiations with management were carried out by elected representatives of each union. The relationship between worker representatives and management was formalised (regular and formal meetings were held) but the fact that two trade unions (TGWU and USDAW) vied for representation of the main body of the workforce, and the fact that a considerable section of the workforce was employed "off site",can be viewed as contributing factors in the lack of an integrated trade union representational structure. As at establishment A, full-time trade union officials played only a minor role - the TGWU official had visited the establishment on only one occasion,

as had the other officials.

At establishments C and E, the TGWU was the only union representing the workforce - in both cases representation being over 90% of total workforce. The decentralist policy[6] of the TGWU is reflected in the management-worker relationship in the establishments; in each case there was a shop stewards committee acting with almost total independence - the local full-time official normally only visited the establishments once a year, to provide additional negotiating expertise during the annual wage settlement. (In practice, the union official had in fact visited establishment E on three occasions - once at the annual wage negotiations and twice to aid in the implementation of temporary periods of short time working.)

In establishment C meetings of the shop stewards were infrequent, and normally the management-worker relationship was on an informal "one to one" basis. In establishment E the shop stewards were more directly involved in the communication process - meetings with management were regular and on a formal basis.

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 6.3)

(a) Absenteeism

The data available on absenteeism in the five food processing establishments examined in the survey are inadequate. That which is available indicates that absenteeism was at a similar level - 2% or less - in the three establishments at which relevant statistics were compiled (establishments A,D and E). In establishment B statistics were not available, and in establishment C the interviewee stated that absenteeism was "very small" without providing any supportive data.

The available data, although incomplete, indicate that, in general, absenteeism was at a low level in the food processing establishments examined in the survey in comparison to other industries covered in the survey.

(b) Labour Turnover

Data on labour turnover was available from three of the five estalishments (A,B and E). The fact that no statistics on turnover were compiled at establishments C and D (interviewee D stated that turnover was "very small") may be an indication that the management approach to industrial relations in the two establishments was informal.

In two of the establishments - A and E - labour turnover was at a lower level than the appropriate comparable national figure. In establishment A, turnover at approximately 1.25% per month was considerably lower than the national figure of 3.8% (bacon curing, meat and fish products; male and female).(7) In establishment E, turnover was at 3.4% per month in comparison with the national figure of 4.0% (bacon curing, meat and fish products - female).(8)

In establishment B, labour turnover at 4.5% per month was slightly above the national figure of 3.8%, but not markedly so.

In summary, turnover in the three establishments was not a significant factor - in no case was it much above the appropriate national figure - and in one establishment (A) it was significantly below the national figure.

(c) Industrial Action

In two of the establishments - A and D - none of the listed types of industrial action was reported to have occurred in the previous five years; and in the three remaining establishments the only type

of industrial "action" to have occurred were threats to strike during pay negotiations.

It is notable that the threats to strike - never put into practice - had occurred at the three establishments where the TGWU was the main - or only - union representing the workforce. It is possible that such threats were regarded by the union as a legitimate negotiating ploy.

The available information of absenteeism, labour turnover and industrial action indicates conclusively that the workforce in the five establishments was stable, and generally non militant.

(v) Management and Industrial Relations

(a) Management Organization (see Table 6.4)

A complicating factor in the calculation of the size of managerial and supervisory staff in the five establishments is the existence, or otherwise, of a marketing, sales and distribution function located within the establishment, or included in the establishment workforce but normally located "off site". Three establishments - A, B and C - had such a sales function which was not directly related to the production function, but in which a disproportionately large number of managers or management level staff (salesmen, representatives, etc) were employed. Thus, in establishments A, B and C, the size of the managerial and supervisory staff, in comparison to total workforce size, was, respectively, 13.8%, 17% and 18%, but in establishment A, where detailed figures were available, managers and supervisors involved in the running of the establishment as a manufacturing concern (e.g. non sales) accounted for only 9.8% of total workforce. The proportion of management and supervisors in

establishments C and E was, respectively, 7.6% amd 3.5%.

The average national figure, given in Brown, for Food, Drink and Tobacco is 6%;[9] comparison with this figure is complicated by the existence of sales staff in some establishments; where statistics on establishment orientated management are available (at establishments A,D,E) the percentage of management and supervisors varies considerably - in establishment A being markedly higher than the national figure, in establishment D being similar to the national figure, and in establishment E being lower than the national figure.

The above information is incomplete and although giving some indication in numerical terms of the importance of management in each of the establishments, an examination of the allocation of responsibility for industrial relations in the five establishments provides more significant information.

In the three small establishments (C,D,E)the responsibility for industrial relations was retained in the hands of the person in overall charge of the establishment - no personnel or industrial relations specialists were employed, and industrial relations training for management was evident only in establishment E, where "off site" (company level) training was given.

The two bigger establishments (A and B) each had a separate personnel department, controlled by a personnel manager with responsibility for personnel, industrial relations and training. In establishment A the personnel manager held overall responsibility for industrial relations, and company level industrial relations training was given to line management; but in establishment B the interviewee (the personnel manager) indicated that there was considerable devolution of responsibility for industrial relations -

no less than 30 managers and supervisors were stated to share responsibility. This devolution of responsibility can be partly attributed to the existence of "off site" staff in various locations, and to the co-operative philosophy of the establishment, but it is arguable to what extent the industrial relations responsibility of these 30 people was of significance in comparison to the role of the personnel manager (whose job description listed responsibility for recruitment, discipline, industrial relations, training, personnel policy and welfare), especially when it is noted that industrial relations training was not given to line management - lip service may have been paid to co-operative philosophy in the apparent decentralisation of responsibility for industrial relations; the reality was that the industrial relations function was highly centralised.

In summary, the personnel/industrial relations function existed as a separate entity only in the two bigger establishments (A and B); at the three small establishments (C,D and E) general management held responsibility for industrial relations. Industrial relations training was given only at establishments A and E.

(b) Management Style (see Table 6.5)

The information presented in the previous sections on management organization and worker representation indicates that negotiation was the predominant style of control in the food processing establishments examined in the survey - some form of negotiatory based dialogue between management and workforce existed in four of the five establishments. With a more detailed examination of the information relating to each establishment, it is possible to categorise management as follows:-

Establishment A : "Functional Negotiatory"

A closed shop agreement was in operation at this establishment, and the multi-union workforce was represented by a joint shop stewards committee. A personnel department was located on site, and industrial relations training was given to line management.

Establishment B : "Functional Negotiatory"

A closed shop agreement was in operation at this establishment, and the multi-union workforce was represented by elected representatives from each union. Regular and formal meetings were held by management and these representatives. A separate personnel function existed; however, no training on industrial relations was given to general management.

Establishment C : Superficial Negotiatory"

The mainly unionised workforce in this establishment elected representatives, but the management-workforce relationship was basically informal apart from at the time of the annual wage negotiations.No separate personnel function existed,and no industrial relations training was given to management.

Establishment D : "Autocratic"

The workforce was not - and apparently did not want to be - unionised. The management-workforce relationship was totally informal and ad hoc - the interviewee summed it up by saying ".....it's an open door - anyone can see me." No personnel department existed, and no industrial relations training was given to management.

Establishment E : "Functional Negotiatory"

The workforce in this establishment was mainly unionised, and regular

formal meetings were held between management and elected worker representatives. No separate personnel department existed, but industrial relations training was given, at company level, to management.

There was evidence of a relationship between management style and the establishment correlate of establishment size in the food processing establishments. The "medium" and "large" sized establishments utilisted formalised industrial relations, whereas in two of the three small establishments industrial relations was predominantly informal - further evidence which indicates that, in general, increasing formality of industrial relations is directly related to increasing size of establishment.

In establishment D, the defined management style of "autocratic" correlated with the ' on site' establishment ownership and control; similarly, the rural location of the establishment correlated with the defined management style.

(vi) Management and Colective Bargaining (see Table 6.6)

(a) Levels and Scope of Bargaining

Two of the four establishments (A and B) were party to some form of national level negotiations; at the other two establishments (C and E) all issues were negotiated at establishment level (with additional procedural negotiations at company level for redundancy and health and safety at establishment E).

In establishments A and B, the basic issues of pay and hours were negotiated at national level (additionally national level negotiations on disciplinary procedure were reported at establishment B); but establishment level negotiation occurred on a comprehensive range

of issues (including supplementary wage bargaining). In both establishments, all the listed issues were negotiated.

In establishment E, all the listed issues were negotiated at establishment level, with additional procedural negotiations on redundancy and health and safety at company level.

In establishment C the range of negotiated issues was limited - basically restricted to job related issues - and was carried out at establishment level.

None of the four interviewees indicated that the range of issues subject to negotiation had changed in the previous few years, and only at establishment A had management perceived a decline in the amount of negotiating activity (This fact correlates with the previously noted "new realism" of shop stewards in the establishment); at the other three establishments negotiating activity was reported as having remained at a similar level in the previous few years.

(b) Management Style and Collective Bargaining

In all five establishments the defined management style correlated with the range of issues subject to collective bargaining. In the three establishments with a "functional negotiatory" style of management (A,B and E), the complete range of issues was subject to negotiation (mainly or exclusively at establishment level); in the establishment with a "superficial negotiatory" style of management (establishment C) a limited range of issues was negotiated; and in the establishment where management style was categorised as "autocratic" (establishment D), no collective bargaining existed.

(c) Management Attitudes to Collective Bargaining

The two interviewees at establishments which were party to - different - national negotiations (A and B) both stated their

approval of these negotiations - interviewee A (who was an employer negotiator in the national level negotiations) stated that the national agreement gave a "foundation" for negotiations; interviewee B was more positive in his attitude, saying that the national level negotiations were "essential".

When asked if he would prefer to negotiate all issues at establishment level, interviewee A replied in the affirmative - stating that he would prefer a "joint effort within the establishment, [we would] keep to it better than something negotiated far away [i.e. the national agreement]." It is perhaps surprising that a member of the employers national negotiating team would state his preference for all negotiations to be carried out at establishment level, but it has to be borne in mind that the national agreement was viewed as merely a "foundation" for establishment level bargaining; additionally, the manager may have preferred to devote his negotiating talents only to establishment level use.

The interviewee at establishment B who was more positively in favour of the national level agreement stated that he would not prefer to negotiate all issues at establishment level; he "liked the situation with a basic national agreement".

The management attitude to collective bargaining in the two establishments where a mixture of national and establishment level negotiating existed can be characterized as one of general approval - with interviewee A indicating he would have preferred greater emphasis on establishment level bargaining and interviewee B preferring the present system.

In establishment C, negotiations were carried out only at establishment level, and on only a limited range of issues. Some

confusion on the part of the interviewee was evident at this establishment - he indicated that national level negotiations occurred whereas in actuality, only guidelines were set by the national employers body. (This fact was confirmed by trade union negotiators). The interviewee indicated a preference for the existing system of establishment and national "bargaining" - it can be surmised that the guidelines given by the national body were viewed as helpful.

At establishment E, negotiations on all issues occurred at establishment level, with additional procedural negotiations at company level. The interviewee indicated that he preferred to negotiate all issues at establishment level, but found the company level agreements on procedure to be "helpful".

Thus in all four establishments at which collective bargaining was carried out (establishments A,B,C and E) general approval was voiced by the management interviewees for the existing format of negotiations.

Irrespective of the level, or levels at which negotiation was carried out, the four interviewees also expressed general approval of the role served by elected worker representatives. Interviewees A and B both agreed that shop stewards helped in solving industrial relations problems (in establishment A this "realistic view of problems" was a comparatively new phenomenon, as perceived by the interviewee) whilst interviewees C and D were less enthusiastic, but did voice qualified approval of the role served by elected worker representatives in the establishment.

In summary, negotiation on an extensive range of issues occurred at three of the five establishments examined in the survey. In each of these establishments the negotiations were underpinned by an

ongoing formal relationship between management and elected worker representatives, based on regular and formal meetings. Negotiation was comparatively limited in a fourth establishment, and the relationship between management and workforce was informal. In a fifth establishment no negotiations took place, reflecting the lack of a unionised workforce and the ad hoc approach of management.

TABLE 6.1 Establishment Information (Food Processing)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?
A	"large"	BMTA
B	"medium"	CEA
C	"small"	-
D	"small"	-
E	"small"	-

C.B.I.?	LOCATION OF HEAD OFFICE
YES	GB
?	local
NO	local
NO	local
YES	GB

TABLE 6.2 :Workforce Representation (Food Processing)

ESTABLISHMENT	TRADE UNIONS	T.U.DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	USDAW TGWU UCATT EETPU AUEW	100%	JSSC (USDAW chirman).Regular formal meetings with management.	1(each)
B	TGWU USDAW UCATT EETPU AUEW	100%	Shop stewards from aech union in separate regular formal meetings with management.	1(each)
C	TGWU	90%+	Elected representatives committee.Infrequent meetings with management.	1
D	-	-	No representation.	-
E	TGWU	90%+	Elected representatives in regular formal meetings with management.	3

TABLE 6.3: Absenteeism, Labour turnover and Industrial action (Food Processing)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (monthly)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	1.6%	1.3%	-	-	-	-	-	-
B	?	4.8%	-	-	X	-	-	-
C	"v.small"	"v.small"	-	-	X	-	-	-
D	<1%	?	-	-	-	-	-	-
E	2%	3.4%	-	-	X	-	-	-

TABLE 6.4: Management Organisation (Food Processing)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?
A	13.8%*	YES
B	17%*	YES
C	7.6%	NO
D	18%*	NO
E	3.5%	NO

* includes sales staff.

	I.R. TRAINING FOR MANAGEMENT?
	YES
	NO
	NO
	NO
	YES

TABLE 6.5 : Management Style (Food Processing)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE	PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
A	"large"	100%	YES	Regular formal meetings with JSSC.	YES	YES	"Functional Negotiatory"
B	"medium"	100%	YES	Regular formal meetings with elected representatives.	YES	NO	"Functional Negotiatory"
C	"small"	90%+	YES	Irregular meetings with representatives.	NO	NO	"Superficial Negotiatory"
D	"small"	-	NO	Informal, one-to-one.	NO	NO	"Autocratic"
E	"small"	90%+	YES	Regular formal meetings with elected representatives.	NO	YES	"Functional Negotiatory"

TABLE 6.6: Management Style and Collective Bargaining. (Food Processing)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Functional Negotiatory	N,E	N	N,E	E	E	E	E	E	E
B	Functional Negotiatory	N.E	N,E	E	E	E	E	E	E	E
C	Superficial Negotiatory	E	E	E	E	-	-	-	E	-
D	Autocratic	-	-	-	-	-	-	-	-	-
E	Functional Negotiatory	E	E	E	E	C,E	C,E	E	E	E

E = Establishment level

C = Company level

N = National level

Food Processing : Footnotes

(1) Department of Employment.

(2) North East Scotland Development Authority : NESDA Grampian Directory.

(3) Brown, William (ed.) : The Changing Contours of British Industrial Relations, p.19.

(4) ibid., p.18.

(5) Eaton, J. and Gill, C. : Trade Union Directory, p.213.

(6) See:- Undy, R. "The devolution of bargaining levels and responsibilities in the TGWU" : Industrial Relations Journal, vol.9, No.3.

(7) Department of Employment - figure is for September, 1981.

(8) ibid.

(9) Brown, William : op. cit., p.19.

CHAPTER 7 :- Textiles

(i) Background

The North East is a traditional textile manufacturing area - it was renowned for its knitted woollen stockings in pre-industrial times,(1) and with the industrialisation of the late eighteenth and nineteenth centuries, this local expertise was one factor (free flowing water for power being another) in the location of a number of textile mills in the area.

Textile mills were located both in Aberdeen and in a number of rural sites, and most were involved in the production of woollen cloth and finished clothing - a specialisation which, with some exceptions, has continued to the present day. Originally owned by local families, some of the establishments have, with time, become incorporated as branch manufacturing concerns of national companies; but others continue to retain their independence under locally (i.e.North East) based control. Paternalism, based on a long established relationship between management and local workforce, evident in previous decades,(2) remains a factor in certain establishments, as will be discussed later in the chapter.

Employment in the North East textile industry is at a lower level than in the United Kingdom as a whole. In 1977, 3,938 people were employed in the textile, leather and clothing industries in the Grampian Region (The leather industry category is of insignificant size in the Region). This represented approximately 10.2% of employment in the manufacturing sector (2.2% of total Regional employment) in comparison to a national figure of approximately 13% of total manufacturing employment involved in the textile, leather and clothing industries (4.2% of total employment).

Five textile manufacturing firms in the North East were covered in the survey. Three establishments were located in Aberdeen, and two were based in a small town in the agricultural hinterland.

The British textile industry has suffered considerably in the present economic recession, and has been particularly affected by competition from the textiles firms based in the developing world. The outcome has been a significant contraction in the industry, with considerable job losses and factory closures - in 1980, 120,000 textile workers lost their jobs.(3)

This general picture of contraction was mirrored in the North East, where in mid-1981 local textile firms, in co-operation with the North East Scotland Development Authority (NESDA),prepared a "strongly worded submission" calling on the Government to act to aid the ailing industry in the North East. The submission emphasised the firms' "growing concern over the serious and rapid decline in profitability and the prospects of survival in the short term". The response of the Government to the submission was regarded by the firms as "totally inadequate".(4)

In point of fact, no textile firm in the North East has closed at the time of writing - a major factor being that most North East textile establishments manufacture high quality textiles for the export market, and have suffered less heavily in the recession than firms whose product is in direct competition from the developing countries. However, although no closures have occurred, there have been considerable periods of short time working at some mills (at the time of the survey one establishment was working a two-day week), and redundancy measures.

Three of the five interviewees indicated that demand for the products of their establishment had decreased in the previous twelve

months (two of the three indicating that this had led to a more realistic approach by trade unions), one interviewee indicated that demand had remained static, with no effect on industrial relations, and one interviewee stated that demand had increased, with no perceived effect on industrial relations in the establishment.

In summary, the North East textile industry is of some importance in employment terms in the area, but has suffered considerably from the effects of recession and foreign competition. The individual effect of recession and competition on individual firms has varied, but with little specific effect on industrial relations in the establishments.

(ii) The Establishments (see Table 7.1)

The 1982 NESDA trade directory lists thirteen textile establishments located within the Grampian Region - of these thirteen, only eight employed 25 or more of a workforce. Five of these eight were covered in the survey.

Four of the establishments (A,B,D,E) were involved in the production of woollen yarn and woollen finished goods, the fifth (C) manufactured both woollen and synthetic yarn. All five establishments had been located on their present sites since the nineteenth century.

Two of the "small" establishments (A and B) were located in a small town in the agricultural hinterland, and each employed approximately 180 persons. The other three establishments were located in Aberdeen; one (E) was in the "small" size category (employing approximately 200 persons), the other two (C and D) each employed approximately 700 persons and were in the "large" size category.

(a) Employers Associations

Two establishments (A and B) were members of the Scottish Wool Trade Employers Association which bargained at a national level with trade unions. The other three interviewees indicated that their establishments were not members of an employers association, but two (at establishments C and E) indicated that close attention was paid to appropriate national wage settlements. The explanation for the low level of membership of employers associations (In comparison Brown [1981] found that 82% of textile firms in his national survey were members of employers organisations and 73% were covered by multi-employer bargaining) may be that comparatively independent nature of the industry in the North East has precluded membership of employers organisations.

(b) The CBI

Two respondents (B and E) stated that their establishments were members of the CBI; one respondent (establishment A) said he 'thought' the establishment was a member; two respondents (establishments C and D) were unsure of the membership status - if any - of the establishment. This pattern of response, with the obvious lack of real knowledge can be explained when note is taken of Brown's findings,(1) which showed that, although a high percentage of textile manufacturing establishments(87%) were affiliated to the CBI, only a small proportion were directly affiliated, the majority being indirectly affiliated through company membership. Indirect affiliation is unlikely to be a well known or relevant factor to establishment level management, and this appears to be the case for the three respondents who were "don't knows".

(c) Ownership and Control

Ownership and control remained 'on site' in three of the five

establishments (A,B and C). At establishment D the interviewee indicated that a Yorkshire company had a controlling interest, but that the Aberdeen establishment was "fairly independent". The head office of the fifth establishment was in Glasgow. All five establishments retained individuality in respect to their products, each of the five factories having distinctive and long established trading names.

(iii) The Workforce (see Table 7.2)

(a) Composition

A majority of the workforce in all five establishments were manual (75% in one establishment, and between 80% - 90% in the other four) and female (between approximately 60% and 95%).

Most manual workers in the five establishments were machine operatives - tending machinery operating in the production process. Smaller groups of workers were employed in ancillary positions - dyeing, stores, distribution and maintenance of machinery (craft workers). Female labour was concentrated in machine operative sector, the ancillary occupations were a largely male preserve.

The recruitment of textile related labour by oil related companies had not been a major factor in the textile establishments covered in this survey, for two basic reasons:- the job related skills utilised in the textile industry are not transferable to the oil related sector, and the majority of the textile workforce, being female, are excluded from offshore positions. A contributory factor in some cases is geographical isolation from oil related areas (e.g. establishments A and B). A few skilled technicians working as maintenance men had been recruited by oil related companies, but the overall effect of oil industry related recruitment was minimal.

(b) Trade Union Membership

The main trade union (in terms of number of members) in all five establishments was the National Union of Dyers, Bleachers, and Textile Workers (NUDBTW) which recruited from manual workers directly involved in the textile industry. The small number of craft technicians in the larger establishments were represented by the Amalgamated Union of Engineering Workers (AUEW) and by the National Union of Hosiery and Knitwear Workers at establishment E. 'White collar' workers were represented by the Association of Scientific, Technical and Managerial Staff in three establishments (A,B and D) and by an internal staff association which has consultation with management on pay and conditions, in establishment C.

In one establishment (D), a post-entry closed shop existed (although both management and union appeared unwilling to acknowledge its existence in such terms, preferring to call it a 'condition of employment' shop). In establishment A a closed shop did not exist specifically because management "don't agree with it". In establishments A,B,C and E union membership as a percentage of total membership was in the level of 60% - 80%. (No precise membership statistics were available)

In all five establishments trade unions were recognised for the purposes of collective bargaining.

(c) Trade Union Organization

The major trade union in the North East textile industry is the NUDBTW, and it is the organization of this union in its representation of the workforce in the North East textile industry which is of fundamental relevance to the system of industrial relations which exists in the industry.

The central role of the local district full-time trade union official is the major element which must be stressed when examining the organization of the NUDBTW. Whereas other industry-orientated unions (e.g. S.O.G.A.T.) have pursued a devolutionary policy in allowing considerable freedom to establishment level union representatives, with full-time officials serving a "back-up" function, the policy of the NUDBTW has been to retain power in the hands of the local full-time official. There has been little development of establishment level (e.g. shop floor) union representatives - for example, establishment based worker representatives of the NUDBTW in the North East were not given any formal training by the union.

The major outcome of the centralist policy of the union has been the underdevelopment of trade union organization within the textile establishments. At only one of the five establishments (D) was there a shop stewards committee, and its existence was as much due to establishment-related factors, as to union-related factors, for a management instigated and approved works committee had existed for decades - a relic of the Methodist egalitarianism of the original family owners of the mill.

In three other establishments (A,B, andE) worker representatives were elected, but no committee existed. In establishments A and B, located within one mile of each other, in a small isolated agricultural town, the local secretary of the union - a worker in one of the mills - acted as the major figurehead of the union and the relationship with management was redolent of this small town atmosphere - being cosy, informal and "on first name terms".(5)

In establishment E, the position of elected worker representatives, already weakened by the lack of formal training and coherent organisation, was further undermined by the position of supervisors on the factory

floor. A trade union official particularly stressed that at this establishment, unlike others, supervisors worked on the shop floor alongside the rest of the workforce, rather than occupying a supervisory role in the strictest sense. The bond between worker and supervisor was closer, and more informal than would otherwise have been the case, and management at the establishment indicated that many industrial relations problems were dealt with informally at this level, between supervisor and worker, and if the problem had to be brought to the attention of management, it was the supervisor who assumed the role of spokesman. Shop steward and supervisor thus occupied similar positions, with partially interchangeable roles - the supervisor was in reality a management appointed surrogate steward.

At one establishment (C) no shop stewards were elected on site, unusual in an establishment of almost 700 workers, many of them trade union members.

The important role of the full-time trade union official - based in Aberdeen - is indicated when it is noted that at two establishments (C and D) he visited regularly once every week. (As such, in all respects but name he was performing the role of a full-time steward.) The reason why there were no on-site shop stewards at establishment C can be attributed to this fact - that the full-time official made frequent regular visits - and to the fact that the union branch office - his base - was within easy access of establishment C (less than five minutes' walk). In establishments C and D the full-time official thus played a central role in the relationship between management and workforce, acting as the main - in one case the only - representative of the NUDBTW members in formal discussion with management.

At establishment E the visits of the official were less frequent, and mainly concentrated during the annual negotiations, allowing the

ad hoc system previously described to operate.

At establishments A and B, the role of the full-time official was insignificant. The two establishments were geographically remote from Aberdeen, and his visits were irregular - and apparently not welcomed. He stated that for a time "they weren't talking to me", without elaborating on the statement - one possibility being that his intervention in the locally based close relationship was resented. In discussing the attitude of the union membership at these two establishments, one full-time trade union official stated "you can't go out and shout politics at them - there's still much of the touch of the forelock attitude" (This statement echoes the comment of Hamilton in 1960:- "The Aberdeenshire worker is not a very militant trade unionist..... There is to be noted a certain paternalism between employer and workers in the terms of "If I'm all right, I'll see you all right - which some workers accept").(6) A contributory factor in the deferential attitude described above was the fact that the workforce at the two establishments was "captive" - as one management interviewee stated, "There's no alternative employment".(7)

A relevant factor in all establishments which must be noted is the role of the female workforce in trade union activity, which was apparently minimal. Most union representatives were male, in a workforce which was predominantly female - a union official commented "Some union women take an interest [in union activities], many don't". The underlying reasons for this state of affairs is beyond the scope of this thesis,(8) but the apparent disinterest of many trade union members in the role of the trade union may have been a contributory factor in the underdevelopment of establishment level trade union organisation.

In summary, the centralist policy of the NUDBTW had led to the underdevelopment - or non development - of establishment based worker representation. Regular, frequent and formal meetings were carried out between the full-time trade union official and management at establishments C and D, but aside from these two establishments, the relationship between management and workforce in the textile establishments covered in the survey was basically informal. However, the fact that the union was recognised for collective bargaining purposes in all five establishments does indicate overall union strength (In Brown[1981] only 57% of textile establishments recognised trade unions).(9)

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 7.3)

(a) Absenteeism

The incidence of absenteeism was specifically mentioned as being a problem in two of the establishments - at C it was 5% ("pretty shocking", according to the interviewee), and at D it was 7.1% - a major reason, according to one interviewee, being the comparatively large number of women workers who were "working for luxuries" and hence more likely to take time off work due to domestic reasons.

Incentive measures to combat absenteeism were mentioned at two establishments - loss of holiday credit for unaccountable absenteeism at A, and "good attendance" bonus at C. In the three "small" establishments - A,B and E - although statistics were not available, absenteeism was stated to be at a 'low' rate - at establishment A, for example, the last occurrence of unaccountable absenteeism was reported as having been eight months previous to the date of the interview. Without detailed and comparable statistics it was not possible to provide explicit support for the contention that absenteeism and the size of the establishment were related, but what can be

stated is that the two 'large' establishments were those at which absenteeism was at a comparatively high - and 'unacceptable' - level, whereas at the three 'small' establishments, absenteeism was 'acceptable'.

(b) Labour Turnover

Labour turnover in four of the five establishments closely approximated to the comparable national figure for the appropriate industrial sector, or was at a level below the national figure.

In establishments A and E, turnover was at the comparatively low level of approximately 1% or less per month (National figure for September, 1981 - woollen and worsted/hosiery and knitwear - 2.3%)[10] and at establishment B, although no figure was available, the level of turnover was stated to be 'good'.

In establishment D, the turnover was approximately 1.7% per month, and closely comparable to the relevant national figure of 2.3% (Woollen and worsted).[11]

In establishment C, however, labour turnover was at the comparatively high level of 5.1% per month (national figure - 1.9% for spinning and doubling). The interviewee indicated that the reason for this high turnover was that a number of jobs in the production of synthetic yarn were particularly 'dirty', and that the very high turnover of jobs in this particular section (employing approximately 100 workers) adversely affected total labour turnover. The interviewee at establishment C specifically stated that oil industry recruitment was minimal.

The available information on both absenteeism and labour turnover indicates that the workforce in the three small establishments (A,B and E) was comparatively more stable than the workforce in the larger establishments (C and D).

(c) Industrial Action

At three of the establishments (A, C and E) there were no reported incidents of the listed types of industrial action. One interviewee indicated that a major factor in the lack of industrial action was the fact that the workforce was almost totally female - "To be quite honest, we (the management) sometimes get away with murder having an all women workforce". The interviewee at establishment C attributed the lack of industrial action to the fact that no worker representatives existed in the establishment - "This is an extremely dull place - we don't have shop stewards".

At establishments B and D there had been minor industrial action in the form of overtime bans during negotiations.

In summary, it can be stated that industrial action was not a significant factor in any of the five textile establishments.

(v) Management and Industrial Relations

(a) Management Organization (see Table 7.4)

The size of the management and supervisory group in comparison to total workforce size in the establishments fell into two distinct groups. In establishments A,B and D, the percentage of managers and supervisors was approximately 4% - 6%, whereas in establishments C and E the figure was approximately 8% - 10%, and comparable to the average national figure for the textile industry of 9%, given in Brown.(12)

The smaller size of establishments A and B as an explanatory factor for the comparatively small number of management in the establishments is negated when it is noted that the average workforce size of textile establishments in Brown's survey was 212, or only

slightly larger than in establishments A and B. The only explanation available was in relation to establishment D where a trade union official indicated that the directors were 'working' directors and did not delegate responsibility - hence perhaps limiting the number of management personnel.

Responsibility for industrial relations was retained at a high level in three of the establishments. At establishments B and D responsibility was in the hands of a single manager (at establishment B in the hands of a general manager, and not a personnel specialist) and at establishment C responsibility was in the hands of a director and a personnel manager.

At establishment E, responsibility for industrial relations was stated to be in the hands of the four departmental (e.g. general) managers, and in establishment A it was stated that no manager had specific responsibility for industrial relations and that "informal and ad hoc meetings were held to solve industrial relations problems".

In summary, it can be stated that establishments C and D had personnel specialists with specific responsibility for industrial relations matters, whereas at establishments A, B and E responsibility was in the hands of one general manager (establishment B), or a number of general managers (establishments A and E).

Industrial relations expertise for general management - as reflected by the existence of training courses - was evident at establishments C and D, and 'off site' training courses incorporating industrial relations related training were utilised at both establishments with additional in-house training at establishment C. In establishments A, B and E, the lack of such courses provides further evidence that industrial relations was regarded by management in the

establishments as a subject to be treated informally, with general management dealing with industrial relations matters in an ad hoc manner, without the support of personnel specialists.

(b) Management Style (see Table 7.5)

To summarise the approach of management to industrial relations in the five establishments, it is clear that there is a distinct difference in approach between management at the two "large" establishments (C and D) and management at the three "small" establishments. At all five establishments, trade unions are recognised for the purposes of collective bargaining, but the particular relationship which existed (with an important role being played by the full-time official in the two large establishments) and the extent of formality in this relationship is reflected by the existence, or otherwise, of trained and specialist management expertise in industrial relations.

Having outlined the approach of management in the five establishments to industrial relations, it is possible to categorise the management style of control in each establishment as follows:-

Establishment A, Establishment B - "Traditional"

The relationship between management and workforce is based on informal and ad hoc meetings between general management and the local union branch secretary, with little interference from outside bodies. No industrial relations training was given to management in either establishment.

Establishment C - "Functional Negotiatory"

The relationship between management and workforce was based on regular meetings between the local full-time trade union official and senior management. There were no on-site elected worker representatives - in their absence, their function was undertaken by the full-time official. There was a specialist personnel department in the establishment, and the personnel manager and a director had responsibility

for industrial relations. External industrial relations training was given to management.

Establishment E - "Superficial Negotiatory"

The full-time trade union official made a "few visits" to the establishment, but aside from these visits industrial relations matters were normally handled at departmental level, with a significant role being played by supervisors. The position of the elected worker representatives was largely redundant. No separate personnel department existed, and no industrial relations related training was given to management.

There was evidence of a clearly defined relationship between management style and the establishment correlates of establishment size, establishment ownership and control and establishment location.

Establishment size and management style were related in terms of the degree of formality of industrial relations and the extent of resources devoted to industrial relations - the three "small" sized establishments were characterized by the informality of industrial relations and by the lack of commitment to a separate personnel function; conversely, the two large sized establishments were distinguished by comparatively formal industrial relations and by the existence of a separate personnel function.

Establishment ownership and control was clearly a factor directly related to the existence of the "traditional" management style in establishments A and B - the retention of control on site had enabled the continuation of a "family" atmosphere in the establishments.

Similarly, the relatively isolated location of establishments A and B correlate with the defined "traditional" management style.

(vi) Management and Collective Bargaining (see Table 7.6)

(a) Levels and Scope of Bargaining

Two establishments (A and B) were covered by a national agreement on pay and hours of work. Neither had supplementary establishment-level bargaining on these two issues - both, according to a union official, "stuck firmly to the national agreement". The remainder of issues negotiated at establishments A and B, and all issues negotiated at establishments C and D (and establishment E - although the particular issues are not known) were negotiated at establishment level.

Aside from pay and hours of work, a number of other issues - discipline, working conditions, health and safety, and welfare - were regarded as being negotiable at establishment level in all four establishments. Redundancy, technical change and work organisation, the three remaining issues,were stated as being negotiable only at establishment B. (At establishments A,B and D redundancy was not in practice an issue - any potential redundancies had been avoided by natural wastage and internal reorganisation. At establishment C redundancies had occurred - the decision being taken at directorial level, apparently with little consultation with management - the interviewee stated that they had received a "message on high" on the subject.)

In overall terms of the range of issues viewed by management as being open to negotiation, there is a broadly similar pattern in the four establishments, with the interviewee at one establishment (B) viewing a number of additional issues as being open to negotiation. No respondent indicated that any one of the listed issues was expressly regarded by management as being outwith the realm of collective bargaining, but interviewee B indicated that all issues, aside from

pay and hours of work were to be negotiated only at establishment level. (The manager at establishment E did not respond to the questions in this section).

(b) Management Style and Collective Bargaining

The range of issues subject to negotiation, and the defined management style in the four establishments does not appear to correlate as hypothesised in two of the four establishments.

At establishments C and D, the reasonably widespread range of issues negotiated does match the management style in both establishments which was defined as being "functional negotiatory". All issues other than work organisation, technical change and redundancy, were stated to be negotiable, and at both establishments there were functioning formal channels in which negotiation could be carried out.

At establishments A and B, the defined managerial style of "traditional" does not readily correlate with the widespread range of issues which were negotiated in the two establishments (especially at establishment B). However, care must be taken in the acceptance of the two managers' definition of 'negotiable', for it is debatable to what extent their definition would, in this particular context, conform to the true sense of the word - for without establishment level negotiations on the 'hard' job related issues of pay and hours of work, and with the close-knit patriarchal relationship which existed, 'negotiation' in this context would more closely resemble informal discussion and consultation.

(c) Management Attitudes to Collective Bargaining

The attitude of the two interviewees at the establishments which were party to national level negotiations (establishments A and B) differed.

At establishment A, the interviewee regarded the national level agreement as 'useful', and would not have preferred to negotiate all issues at establishment level, but at establishment B the interviewee was non-committal about the national level agreement and indicated that he would have preferred to negotiate all issues at establishment level. The greater commitment to the national agreement at establishment A may be related to the fact that a member of management at the establishment was vice-chairman of the employers national negotiating body, and the fact that interviewee B would prefer to negotiate all agreements at establishment level is probably a reflection of his perceptions as to the level of bargaining at which management was most in control of the bargaining relationship (i.e. establishment level).

Aside from the national level agreement on pay and hours covering establishments A and B, all negotiations were carried out at establishment level (corporate level bargaining is not of importance in the textile industry - only 3% of textile establishments in Brown's survey were party to corporate level agreements).[13] The general attitude of management to establishment level negotiations was positive, but the environment in which the negotiating relationship functioned varied in different establishments.

In establishments A and B the negotiations at establishment level were perhaps more akin to informal consultation, reflecting both the paternalistic attitude of management, and the patriarchal relationship on which this attitude rested. At establishments C, D and E, a formal bargaining relationship existed - between the full-time trade union official and senior management and/or directors - but at only establishments C and D was this formality also evident in the ongoing process of handling industrial relations matters. At establishment E, aside from the annual - and formal -

wage based negotiations, the informal relationship between management and workforce reflected the ad hoc attitude of management to industrial relations.

The attitude of interviewees to the role of worker representatives provides additional support for the contention that in establishments A,B and E collective bargaining (as represented by a formal relationship between management and elected worker representatives) was regarded as of only secondary importance. The interviewees at establishments A,B and E would not commit themselves to agreeing that worker representatives helped in solving the industrial relations problems of the establishment, but neither did any interviewee support to the opposite, negative viewpoint of worker representatives. An underlying reason for the lack of a positive or negative attitude to elected worker representatives in the three establishments was that the role of worker representatives was comparatively limited. In establishment D, where a formal and functioning relationship existed between management and workforce representatives, the management interviewee acknowledged that elected worker representatives helped in industrial relations matters.

In summary, a superficial examination of industrial relations in general, and collective bargaining in particular, in the five North East textile establishments would indicate that a negotiatory relationship existed between management and workforce. However, a detailed study of the industrial relations of each establishment reveals that a facade of negotiation serves to conceal a basically informal relationship in the three 'small' establishments whereas in the two 'large' establishments the negotiatory relationship is functional, due to the central role played by the full-time official.

TABLE 7.1 Establishment Information (Textiles)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?
A	"small"	SWTEA
B	"small"	SWTEA
C	"large"	-
D	"large"	-
E	"small"	-

C.B.I.?	LOCATION OF HEAD OFFICE
?	local/rural
YES	local/rural
?	local
?	GB
YES	Sco

TABLE 7.2 :Workforce Representation (Textiles)

ESTABLISHMENT	TRADE UNIONS	T.U. DENSITY (MANUAL)
A	NUDBTW ASTMS	60- 80%
B	NUDBTW ASTMS	60- 80%
C	NUDBTW AUEW	60- 80%
D	NUDBTW ASTMS	100%
E	NUDBTW NUHKW	60- 80%

WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
Local union secretary in informal discussions with management.	?
Local union secretary in informal discussions with management.	?
Local full time official in regular formal meetings with management.	weekly
Local fulltime official/JSSC in regular formal meetings with management.	weekly
Local full time official in formal meetings with management.Elected workforce representatives underused.	"few"

TABLE 7.3: Absenteeism, Labour turnover and Industrial action (Textiles)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (monthly)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	"low"	1%	-	-	-	-	-	-
B	"low"	"low"	-	-	-	X	-	-
C	5%	5%	-	-	-	-	-	-
D	7.1%	1.7%	-	-	-	X	-	-
E	"low"	1%	-	-	-	-	-	-

TABLE 7.4: Management Organisation (Textiles)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?	I.R.TRAINING. FOR MANAGEMENT?
A	4.5%	NO	NO
B	4.9%	NO	NO
C	9.2%	YES	YES
D	5.6%	YES	YES
E	10%	NO	NO

TABLE 7.5 : Management Style (Textiles)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE
A	"small"	60-80%	YES	Informal, one-to-one.
B	"small"	60-80%	YES	Informal, one-to-one.
C	"large"	60-80%	YES	Regular formal meetings with full time official.
D	"medium"	100%	YES	Regular formal meetings with JSSC and full time official.
E	"small"	60-80%	YES	Mainly informal; infrequent meetings with elected representatives and full time official.

PERSONNEL/I.R. SPECIALISTS?	I.R. TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
NO	NO	"Traditional"
NO	NO	"Traditional"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
NO	NO	"Superficial Negotiatory"

TABLE 7.6: Management Style and Collective Bargaining. (Textiles)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Traditional	N	N	E	E	E	E	E	E	E
B	Traditional	N	N	E	E	E	-	-	E	-
c	Functional Negotiatory	E	E	E	E	E	-	-	E	-
D	Functional Negotiatory	E	E	E	E	E	-	-	E	-
E	Superficial Negotiatory*	?	?	?	?	?	?	?	?	?

*details not given

E = Establishment level

C = Company level

N = National level

Textiles : Footnotes

(1) Hamilton, Hamish (ed.) : Third Statistical Account : Aberdeen.

(2) One Aberdeen textile firm was among the first in Britain to employ a welfare officer. See Niven, Mary : Personnel Management, 1913-63.

(3) Sunday Times - 16.8.81.

(4) Aberdeen Press and Journal - 10.6.81.

(5)Quote from management interviewee.

(6) Hamilton, Hamish (ed.) : op. cit., p.81.

(7) The environment in which the management-worker relationship functioned in these establishments conforms to that perceived by Lockwood as engendering a "deferential traditional" workforce. See:- Lockwood, David. "Sources of Variation in Working Class Images of Society" : Sociological Review, vol.14 (1966), p.54.

(8) For a detailed discussion of the role of women in trade unions, see:-West,Jackie (ed.): Work,women,and the Labour Market

(9) Brown, William (ed.) : The Changing Contours of British Industrial Relations, p.52.

(10) Department of Employment : figure is for September, 1981.

(11) ibid.

(12) Brown, William (ed): op. cit., p.2

(13) ibid., p.12.

CHAPTER 8 :- Papermaking

(i) Background

The papermaking industry is long established in the North East, the first recorded attempt at the manufacture of paper on a commercial scale being in 1751. Free flowing soft water, labour availability, and easy access to a port were the factors which combined to make the North East an attractive location for the industry, and five paper-making concerns were established by local entrepreneurial families in the area during the late eighteenth and nineteenth centuries.

The establishments were located in riverside sites within a fifteen mile radius of Aberdeen, each with its own 'catchment' village for the workforce. Family ownership and control remained a significant factor in all five establishments until after the First World War; the combination of localised workforce and family management was instrumental in creating the authoritarian paternalist system of management which existed, and which is vividly portrayed in the following excerpt from the published history of one of the paper mills:-

"In 1926 came the General Strike, and, rather to their surprise, Mugiemoss found themselves involved in a national dispute. After a few restless days, the men in the mill asked Colonel Tom (the owner-manager) if he would address them and tell them what it was all about. This he did, standing on a sack of wood pulp in the yard. The mill started again on the next day, but on the understanding that no-one would carry a union card until the management was satisfied that the unions had put their house in order....." (1)

Such authoritarian paternalism, based on linked ownership and control and a deferential workforce, ended in the inter-war and post-war period in four of the five establishments, when, due to mergers and take-overs, the four mills became branch factories of nationally based companies. The divorce of ownership from control ended the reign of the owner manager whose authority was based on complete

control and a close, informed relationship with the workforce. In the fifth establishment, ownership and control remain in the same hands, and as will be seen later, this led to the continued existence of many characteristics of a traditional style of management.

In employment terms, the paper, printing, and publishing sector is of considerable importance in the North East. In 1977, 5,149 were employed in this sector (of which approximately 3000 are employed in paper and board manufacture). This represented approximately 13% of manufacturing employment in the Grampian Region, in comparison to a national figure of approximately 7% of manufacturing employment involved in paper, printing, and publishing.

Modern papermaking is highly capital intensive - a new paper or board making machine can cost £80m. (2) The industry in the North East has remained technologically competitive, with considerable investment in the 1960's and 1970's. The high capital costs necessitate maximising the returns on technological investment, and mills normally run on a continuous 24-hour working basis.

The technological competitiveness of the North East paper-making establishments has not prevented them suffering from the effects of economic recession and subsidised foreign competition.(3) One paper mill, at Peterculter, closed in 1981, with the loss of 320 jobs, and other mills have carried out redundancy measures. A measure of the effect of redundancies and closure is the size of membership of the main paper-making union - The Society of Graphical and Allied Trades (SOGAT) - in the area, which has fallen from approximately 2300 to 1600 in the years 1974-1981.

The managers who were interviewed expressed concern as to the present economic position of the industry. Five of the six interviewees

reported that demand for the product of their establishment had fallen (in terms of volume) in the previous twelve months. Four of the five felt that the decrease in demand had an effect on industrial relations - in generally lowering morale, and, as one manager put it, 'pushing the ball into the manager's court' (in other words, shifting the fulcrum of power in the management-workforce relationship towards the manager). Another, less elegantly stated that it would offer 'short sighted' managers the opportunity to "screw the buggers (the unions)", although emphasising that he himself was not "short sighted".

In general, their attitude could be summed up as one of awareness of a change in the management-union relationship caused by economic factors beyond their control, but one of unwillingness to exploit this opportunity for short term gain.

The sixth manager stated that demand for the product of his establishment had risen in the last twelve months, with no perceived effect on industrial relations.

In summary, the paper-making industry has well established roots in the North East. It is an important sector in terms of overall manufacturing employment, but has experienced employment loss in the present economic recession.

(ii) The Establishments (see Table 8.1)

Six establishments involved in the paper and board manufacturing industry in the North East were covered by the survey. Four (A,B,C,D) were directly involved in the manufacture of paper and board (e.g., paper mills) and the other two (E,F) manufactured finished items using paper products as a raw material (Each of these two establishments belonged to the same company as, and utilised the product of, one of the above paper mills). The two ancillary establishments were of comparatively modern origin (i.e., post Second World War), whereas the four paper mills had been established in the nineteenth century.

The smallest of the six establishments employed approximately 200, the largest had approximately 750 employees. Two establishments (A and D) were in the 'large' size category, the other four (B,C,E and F) were in the 'medium' size category.

Five were located in urban sites near Aberdeen, and one establishment (establishment C) in a rural site.

(a) Employers Associations

All size establishments belonged to nationally based employers associations which bargained at a national level with trade unions. The four paper mills were members of the British Paper and Board Industry Federation (BPBIF), the other two establishments belonged to the Society of Master Printers of Scotland (SMPS) and the Multi-Wall Sack Manufacturers Employers Association(MWSMEA), respectively. Membership of an employers association is a characteristic of establishments in the paper making industry, as shown in the nationally based findings of Brown,[4] so the findings for the North East reflect the national picture.

(b) The CBI

Three interviewees stated that their establishments were members of the CBI via corporate status, two didn't know, and one stated that the establishment did not have membership because the CBI "wasn't right-wing enough". From other sources it was established that the two 'don't-knows' were members of the CBI, giving a total of five out of six - closely approximating the figure in Brown of 77% for paper printing and publishing.

(c) Ownership and Control

As has previously been stated, the paper mills were originally owned and controlled by local families, but ownership in all but one instance had been divorced from control in the inter-war and immediate post Second World War period.

Five of the six interviewees (A,B,D,E,F) stated that the head office of the company controlling the establishment was located in the South of England, the sixth (C) that ownership remained local, and in the hands of those that controlled the establishment.

(iii) The Workforce (see Table 8.2)

(a) Composition

The workforce in the establishments covered in the survey was predominately manual (75% - 82% of the workforce in the establishments) and predominately male (in only establishment E was there a large female presence - amounting to 70% of total manual workers).

The nature of the work creates a basic division in labour which is reflected in the composition of the workforce of all six establishments - a division between "process" workers and "craft" workers.

The majority of the workforce are process workers and are directly concerned with the production of paper, board, or paper based articles. Process workers work in small groups linked to one particular aspect of the production process. The numerically smaller craft workers serve a supportive role in the maintenance of the complex technology involved in the production process. The ratio of process : craft is approximately 5 : 1.

The contrast in occupational skills between the process and craft groups was clearly shown by the differential effect of oil industry related recruitment in the mid-1970's. Many craft workers - fitters and electricians - were attracted to the oil industry, where higher wages were paid for their skills. For example, one establishment reported that the turnover in craft workers during the mid-1970's was 'very high' (above 60% per annum) due to recruitment by the oil related sector. However, loss of craft workers is now less significant - indeed some workers have returned from the oil industry to jobs in the paper-making sector. Process workers, however, who are less skilled in general, and whose occupational requirements are specifically orientated towards the paper-making industry (and hence

not easily transferable) tended to stay within the industry.

(b) Trade Union Membership

The basic division into two groups of workers, discussed in the previous section, is given added emphasis when it is noted that each group is served by different trade unions.

Manual process workers were represented by SOGAT. Manual craft workers are represented by the EETPU, the AUEW (Engineering Section), the TGWU and UCATT. Salaried staff are represented by the "white collar" sections of SOGAT (ATAES) and AUEW (TASS).

Five of the six interviewees stated that there was a post entry closed shop in operation for manual workers in the establishment. The manager at the sixth establishment (C) did not allow the existence of a closed shop agreement on the grounds of principle, but let employees know that SOGAT was the main union, and gave them a union membership form, leaving the decision on joining up to the individual employees. In the last decade trade union membership in that establishment had dropped from 75% to 40% of the total workforce. Trade union pressure to establish a closed shop had been resisted, and a trade union official admitted that the present arrangement was "the most they could get out of him (the manager)".

In all six establishments trade unions were recognised for bargaining purposes.

(c) Trade Union Organization

SOGAT membership accounts for approximately 80% of total trade union membership in the local industry, and trade union organization primarily follows the devolutionary policy of that union.

The intervention of full-time trade union officials was not a major factor in establishment industrial relations - full-time officials had not taken part in any discussions concerning their members at four of the six establishments. At the other two establishments, full-time officials were only involved in exceptional circumstances - during redundancies (establishment A); and during a grievance procedure and to aid in 'a procedural matter' during negotiations (establishment D).

The basis of union organization within the establishment was a system of elected representatives from each process work group - in SOGAT terminology, a 'father' or 'mother' of each 'chapel' - the largest establishment having seventeen such representatives. Craft workers elected their own representatives.

However, the methods whereby the worker representatives combined together to represent the union side in negotiation with management, and the channels through which this negotiation was carried out, varied in the six establishments.

At establishments A,B and D there were regular and formal meetings between management and workforce representatives. At A and B the worker representaives negotiated as one body under the control of a senior steward (i.e., there was a J.S.S.C.) but at establishment D representatives of staff, process and craft workers negotiated separately. Management at establishment D detected 'suspicion'

between the two groups of manual workers, and management inspired attempts at joint negotiation with the two bodies had failed.

At establishment C meetings between management and workforce representatives were irregular, and the interviewee indicated that the normal method of communication with the workforce was informal one-to-one talks during "management walkabouts" on the shop floor. (It is uncertain to what extent these "walkabouts" reflected a positive decision by management to circumvent the position of worker representatives in the management-workforce relationship).

At establishments E and F the procedural arrangements for formal meetings between management and workforce representatives existed, but at both the arrangements were underutilised - especially at establishment F, where meetings were only on an ad hoc basis. (The SOGAT steward had resigned at this establishment, and no replacement had been found. The fact that there was thus no identifiable 'leader' figure in the establishment level trade union organization will have been a major factor in the underutilisation of procedural arrangements.)

In summary, union strength (in numerical terms) was a factor in all but one establishment. However, numerical strength was not necessarily reflected in the organization of worker representation within the establishment. At A,B and D meetings with management were regular and formal (although at D there were problems of inter-union rivalry). At C, trade union organization was subverted by management, and at E and F the available formal channels for representation were underutilised - due at least in part to work-force apathy at F, where no candidate for steward could be found.

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 8.3)

(a) Absenteeism

The level of absenteeism was similar in the five establishments which responded to the question. The degree to which this level of absenteeism reflects industrial relations practice within the establishments is debatable, as a major factor in maintaining absenteeism at this level - perceived as 'low' and 'acceptable' by interviewees - was stated to be the nature of production in the paper mills. The small quasi-independent work groups working under the pressure of a continuous production process would be detrimentally affected by the absence of any one member of the work group, and hence absenteeism was regulated by peer group pressure. The higher absenteeism noted in establishment E - the only establishment with a large female labour force - reflected the propensity of female labour to be absent from work at a higher rate.

(b) Labour Turnover

Labour turnover in the establishments closely followed the national figure for turnover in the industry. In the four paper and board making establishments (A,B,C,D) average monthly turnover varied between 1% and 1.8%, closely comparable to the national figure for paper and board [5] of 1.3 %. At establishment E, with a largely female workforce, monthly turnover at 2.6% closely approximated the national figure for female workers in packaging,products of paper board and associated materials of 2.3%.[6] At establishment F turnover at 1.4% closely approximated the national figure of 1.6%[7] for packaging, products of paper, board and associated materials.

The close relationship between labour turnover in all six establishments and the nationally-based figure for labour turnover

in the appropriate sector of the industry gives further support to the argument put forward in the last section that oil industry related recruitment of the workforce in the North East papermaking industry is not a significant factor.

(c) Industrial Action

The incidence of industrial action in the six establishments varied considerably.

At establishments B,C and F, none of the listed indicators of industrial action was stated to have occurred in the previous twelve months, and at establishment A one overtime ban had occurred, hence these four establishments can be viewed as having an insignificant level of industrial conflict.

At establishment E, there had been a number of occurrences of overtime bans, but no other forms of industrial action - industrial action in establishment E can be viewed as sporadic .

At establishment D industrial action can be termed as periodic . There had been two 'minor' stoppages over pay and conditions, further threats to strike and 'fairly frequent' overtime bans and works to rule. A further indicator of the periodic nature of conflict in this establishment is the fact that the full-time trade union official was twice called in to the establishment during negotiations to help 'solve' problems.

The high incidence of industrial action at establishment D may be symptomatic of the inability of management to negotiate concurrently with all the trade union representatives due to 'suspicion' between the two manual groups of workers. A further factor may be a clash of personalities between management and a senior shop steward

who was involved in a disciplinary procedure with management. However, this second argument is not supported by the evidence of the managements stated view of workers representatives at the establishment.

No other explanation for the scale of conflict was provided by management, and the impression gained was that the periodic occurrences of industrial action were regarded as the status quo.

(v) Management and Industrial Relations

(a) Management Organization (see Table 8.4)

The average management-workforce ratic in five of the six establishments was 10.2, which closely approximates the figure of 10 given in Brown, for paper, printing and publishing.(8) In the sixth establishment (C), the manager would give only an overall workforce size, saying "We're all workers here" (A statement clearly made from a unitary frame of reference).

The responsibility for industrial relations was retained at a high level in all six establishments, with little or no delegation to lower management. Four of the establishments had a personnel/industrial relations specialist, in the other two establishments (C and F) responsibility for industrial relations was held by the person in overall charge of day-to-day running of the establishment - the managing director at establishment C and the assistant managing director at establishment F. The interviewees at establishments C and F both stated that they did not require the services of a personnel specialist (one, at establishment F indicated that there had been a personnel manager, but he had been moved to other duties and not replaced - adding that the services of a personnel manager were "not missed". A company level personnel department existed, and this would have - partially - assumed the personnel function).

The disregard paid to the need for industrial relations expertise in establishments C and F is further emphasised by the fact that these two establishments did not run training courses for line management. Establishments A,B,D and E were similar in their attitude to developing and maintaining industrial relations expertise, for all four establishments had such courses.

(b) Management Style(see Table 8.5)

In examining the indicators and correlates of management style, certain common characteristics were identifiable in the establishments. All recognise trade unions for bargaining purposes, and in all six establishments the bargaining relationship between management and unions was based on national negotiations. In five of the six establishments there was a post entry closed shop for manual workers. All six establishments were in the "medium" or "large" size categories. These characteristics - comparatively large size, high trade union density and widespread collective bargaining - point, in general, to a negotiatory style of management being predominant in the North East papermaking industry. However, an examination of each establishment in turn provides a more detailed, and diverse, picture.

Establishment A - "Functional Negotiatory"

The relationship between management and workforce was based on regular and formal meetings between management and elected worker representatives. A separate personnel function existed "on site", and industrial relations training was given to general management.

Establishment B - "Functional Negotiatory"

As in establishment A, the relationship between management and workforce was based on regular, formal meetings between representatives of the workforce and management. The commitment of management to sustaining this relationship was evident in the fact that personnel/industrial relations specialists were employed, and in the use made of industrial relations orientated training for line management.

Establishment C - "Traditional"

The relationship between management and workforce in this family-owned establishment was primarily informal and on a "one to one" basis; there were elected worker representatives at the establishment, but their meetings with management were neither regular nor formal. Management placed no emphasis on the development of conventional personnel technique by training or by employing specialists. The managing director exhibited a paternalistic (if authoritarian) concern for the workforce - for example, when there were no orders to keep the mill operating, he did not "lay off" any of the workforce, but employed them in cleaning and repainting the factory until further orders were secured.

Establishment D - "Functional Negotiatory"

As in establishments A and B, the formal negotiatory relationship between management and workforce was based on regular formal meetings between management and elected representatives of the workforce. Industrial relations training was given to line management, and specialist personnel/industrial relations management were employed.

Establishment E - "Functional Negotiatory"

Formal meetings between management and elected worker representatives in establishment E were on an irregular basis, but commitment to sustaining a formal, negotiatory relationship was evident in the employment of personnel/industrial relations specialists, and underlined by the use of industrial relations training courses for line management.

Establishment F - "Superficial Negotiatory"

Procedures for regular, formal meetings between management and workforce representatives existed, but these were severely underutilised, and the relationship between the two sides was basically informal. No personnel department or personnel/industrial relations specialists existed "on site", and no industrial relations orientated training was given to line management.

The establishment correlates of ownership and location evidently were of relevance in establishment C, where the family ownership and rural location were factors in the continued existence of a traditional management style, based on a close, informal relationship between the family owners and the locally recruited workforce. Conversely, the urban location and branch factory status of establishments A,B,D,E and F correlated with the basically negotiatory relationship which was evident in those establishments. It was not possible to discern a similarly direct relationship between establishment size ("medium" or "large", for all six establishments) and management style.

(vi) Management and Collective Bargaining (see Table 8.6)

(a) Level and Scope of Bargaining

All six establishments were covered by national level negotiations on the issues of pay and hours of work. These national level negotiations can be regarded as the basis of the bargaining relationship in the papermaking industry, but distinction must be made between the four establishments covered by the BPBIF national agreement (A,B,C and D) - which specifically provides for supplementary establishment level wage negotiations(9) - and the remaining two establishments (E and F) which are party to different national agreements and do not have supplementary wage bargaining at a local level. Limited company level negotiations existed in three establishments (D,E,F) and establishment level negotiation existed in all six establishments - on a limited number of issues in establishments C and F, and on a comprehensive range of issues in establishments A,B,D and E.

None of the interviewees indicated that there had been any change in the number of issues subject to negotiation in the previous few years, and only one interviewee had perceived an increase in the amount of negotiation - at establishment E where redundancy measures had led to an increase in negotiating activity. (It is perhaps surprising that no other establishment reported increases in negotiating activity due to redundancies, for several establish- had undertaken redundancy programmes during the time period under consideration. One explanation is that redundancy measures may have been regarded by management as being outwith the normal negotiating relationship between management and union)

(b) Management Style and Collective Bargaining

The underlying reason for the difference in the number of issues covered by negotiation in the six papermaking establishments can be found when the range of issues negotiated at each establishment is related to management style at that establishment.

In establishment C, at which management style has previously been defined as "traditional" (and hence inherently antagonistic towards trade unions, and seeking to limit perceived union 'interference' at the establishment) the restricted range of issues negotiated with the trade unions at establishment level reflects management attempts to limit the standing of the union within the establishment. (Indeed, on the issue of health and safety, management and union had not found it possible to agree on the membership of a committee. Furthermore, on the issue of discipline as a negotiable issue, the interviewee stated "We hire and fire and will go to court - so what?" [Presumably 'court' refers to an industrial tribunal].)

At establishment F, where the use of procedures had lapsed and where little emphasis was placed, at establishment level, on management expertise in industrial relations (due, in part, to the existence of a company level personnel department), management style was designated as "superficial negotiatory". The issues indicated as being open to negotiation were limited, and with the exception of disciplinary matters, were negotiated at company or national level, and not at the establishment.

At establishments A,B, D and E, where a "functional negotiatory" style of management was stated to exist, the full range of listed issues were regarded by management as being open to

negotiation, the majority of issues being negotiated at establishment level.

The data on management style and on the range of issues covered in collective bargaining provides specific evidence to support the general hypothesis that the two factors are inter-related - in the six North East papermaking establishments covered by the survey there is a direct relationship between management style and the range of issues covered in collective bargaining.

(c) Management Attitude to Collective Bargaining

The attitude of the six interviewees to the national agreements they were party to was, in all six cases, that such agreements were 'useful', the general reason given being that the national agreements provided guidelines and clearly stated basic conditions of work. The interviewee at establishment F went further in indicating that he approved of the national agreement because it dispensed with the need for on-site collective bargaining (aside from disciplinary issues).

Three establishments (D,E and F) indicated that they were subject to the outcome of company level negotiations - on redundancy (at establishments D and E) and on welfare issues (at establishment D). All three interviewees indicated that these agreements were useful. In overall terms, however, company bargaining was of only minor importance - in terms of the issues negotiated - in comparison to either national or establishment level bargaining.

The contrast in collective bargaining coverage - in terms of the number of issues negotiated - between the establishments at which a "functional negotiatory" management style existed and the

establishments at which other management styles existed is most pronounced in establishment level bargaining. All six interviewees reported some form of establishment level bargaining - but on only a limited number of issues at establishments C and F. At establishments A,B,D and E (the four at which the functional negotiatory style existed) a comprehensive range of issues was regarded as open to negotiation.

There was a differing response from the six interviewees to the question of whether or not management would prefer to negotiate all issues at establishment level. Four interviewees (at B,D,E and F) stated they would not prefer to do so, indicating that they were in favour of the present situation in which national level bargaining played a major role in negotiations. At establishments A and C, however, there was disagreement at senior managerial and directorial level as to whether or not all issues would be best negotiated at establishment level (at both establishments the managing director was in favour of withdrawing from the national agreement and conducting all negotiations at establishment level, but had been prevented from doing so - in one case, establishment A - by company policy, and in the other case, establishment C - by the other directors). In the case of establishment C, it is not surprising that there were pressures from the managing director to negotiate at establishment level, for by doing so he would circumvent the imposition on the establishment of agreements negotiated outwith his control. ("He even grudges national agreements", as one trade union official stated) and would be free to negotiate at a level where trade union strength was comparatively weak - in his own establishment - and without restrictions on his individualistic style of management.

The fact that in practice - despite pressure to the contrary - neither establishment had withdrawn from the national agreement is an indication of the value placed in that agreement by management, and reflects the findings of Brown:-

> "..... paper and printing stand out as industries where for all workforce sizes, the multi-employer (e.g., national level) agreement has preserved its strength".(10)

The attitude of the management interviewees to the role of elected worker representatives gives further support to the argument that in terms of approaches to industrial relations there is a basic dichotomy between management at establishments A,B,D and E and management at establishments C and F.

Management interviewees at establishments A,B,D and E stated that worker representatives were 'helpful' in industrial relations problems, giving reasons such as "realistic viewpoint", "flexibility" and"(the worker representatives) appreciate the economic problems of the company". In contrast, the interviewee at establishment C refused to answer the question (although the generally antagonistic attitude towards trade unions in the establishment was indicated by the opposition to the closed shop and by the fact that the manager was reluctant to have dealings with the full-time trade union official because "he speaks fluent Russian" - presumably a reference to the perceived political persuasion of the official, and an indication of the manager's attitude to such politics in general and trade unions in particular.) The interviewee at establishment F gave an equivocal answer, and would not commit himself to saying that worker representatives were a positive help in solving industrial relations problems in the establishment.

In summary, national level negotiations were the fundamental basis of the management union bargaining relationship in all six papermaking establishments. National level bargaining was restricted to job related issues of pay and conditions, and was supplemented by comprehensive establishment level bargaining in four of the six establishments. The style of management evident in each of the six establishments was a reflection of the existence, or non-existence, of comprehensive establishment level bargaining.

TABLE 8.1 Establishment Information (Papermaking)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?	C.B.I.?	LOCATION OF HEAD OFFICE
A	"large"	BPBIF	YES	GB
B	"medium"	BPBIF	YES	GB
C	"medium"	BPBIF	NO	local
D	"large"	BPBIF	YES	GB
E	"medium"	SMPS	YES	GB
F	"medium"	MWSMEA	YES	GB

TABLE 8.2 :Workforce Representation (Papermaking)

ESTABLISHMENT	TRADE UNIONS	T.U.DENSITY (MANUAL)
A	SOGAT,TGWU AUEW,UCATT EETPU	100%
B	SOGAT,AUEW EETPU	100%
C	SOGAT	40%
D	SOGAT,AUEW UCATT,EETPU	100%
E	SOGAT,AUEW UCATT,EETPU	100%
F	SOGAT,AUEW	100%

WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
JSSC (chairman-senior SOGAT steward) in regular formal meetings with management.	1
JSSC (chairman-full time SOGAT steward) in regular formal meetings with management.	-
Elected worker representatives- ad-hoc meetings with management.	-
Elected representatives from staff, process and craft groups in separate regular formal with management.	2
Elected worker representatives in irregular formal meetings with management.	-
Elected worker representatives. Infrequent meetings with management.	-

TABLE 8.3: Absenteeism, Labour tunover and Industrial action (Papermaking)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (monthly)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	3.5%	1%	-	-	-	X	X	-
B	4%	1.8%	-	-	-	-	-	-
C	?	1.4%	-	-	-	-	-	-
D	2%+	1.1%	-	X	X	X	X	-
E	7%	2.6%	-	-	-	X	-	-
F	4.5%	1.4%	-	-	-	-	-	-

TABLE 8.4:Management Organisation (Papermaking)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE
A	9.1%
B	10.6%
C	?
D	8.9%
E	10.4%
F	12%

SPECIALIST PERSONNEL/I.R. MANAGEMENT?	I.R.TRAINING. FOR MANAGEMENT?
YES	YES
YES	YES
NO	NO
YES	YES
YES	YES
NO	NO

TABLE 8.5 : Management Style (Papremaking)

ESTABLISHMENT SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE
A "large"	100%	YES	Regular formal meetings with JSSC.
B "medium"	100%	YES	Regular formal meetings with JSSC.
C "medium"	40%	YES	Mainly informal, one-to-one.
D "large"	100%	YES	Regular formal meetings with elected workforce representatives.
E "medium"	100%	YES	Irregular formal meetings with elected workforce representatives.
F "medium"	100%	YES	Ad-hoc meetings with elected workforce representatives.

PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
NO	NO	"Traditional"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
NO	NO	"Superficial Negotiatory"

TABLE 8.6: Management Style and Collective Bargaining. (Papermaking)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Functional Negotiatory	N,E	N	E	E	E	E	E	E	E
B	Functional Negotiatory	N,E	N	E	E	E	E	E	E	E
C	Traditional	N,E	N	*	-	E*	-	-	-	-
D	Functional Negotiatory	N,E	N	E	E	E	C,E	E	E	E
E	Functional Negotiatory	N	N	E	E	E	C,E	E	E	E
F	Superficial Negotiary	N	N	E	-	-	-	-	C	-

*see text

E = Establishment level

C = Company level

N = National level

Papermaking : Footnotes

(1) The History of BPB Industries (private publication), p.86.

(2) Price in 1980. Figure obtained from Action Now : SOGAT (1980).

(3) See Action Now : SOGAT (1980).

(4) See Brown, William : The Changing Contours of British Industrial Relations, p.18. 76% of establishments in paper, printing and publishing were members of an employers association.

(5) Department of Employment : Figure is for September, 1981.

(6) Department of Employment : Figure is for September, 1981.

(7) Department of Employment : Figure is for September, 1981.

(8) Brown, William : The Changing Contours of British Industrial Relations, p.11

(9) 1978 National Agreement, p.18.

(10) Brown, William : The Changing Contours of British Industrial Relations, p.10.

CHAPTER 9 : -Manufacturing Engineering

Engineering

Introduction

The engineering industry in the North East was a growth sector - in terms of employment - between 1971 and 1978. (Employment in the Mechanical, Instrument, and Electrical Engineering sector increased from 4,604 to 6,000 in the intervening years).(1) The underlying reason for the growth of the sector was the incoming oil industry, which created new jobs in oil related engineering, both in indigenous and incoming companies.

The engineering industry can be viewed as representing the interface between the "oil-related" and "traditional" sectors of the North East economy - both in terms of the fact that some "traditional" engineering establishments are the only "pre-oil" companies in the area which have developed a significant oil related capacity, and in terms of the job skills for the industry being comparable for oil related and non-oil related work.

In national terms the engineering industry has suffered badly in the economic recession, and the examination of the North East engineering industry will emphasise the extent to which non-oil related engineering companies in the area have been detrimentally affected by the recession.

In order to illustrate the differential experience of different sectors of the "traditional" North East engineering industry, the following sectors will be examined separately:-

(a) "Manufacturing Engineering" - establishments, mainly subsidiaries of multinationals, producing specialist components or finished products for non-oil related purposes, and located in the area prior to the advent of the oil industry.

(b) "Fabrication Engineering" - establishments involved in fabrication and short run production, repair and maintenance for both oil related and non-oil related purposes, and located in the area prior to the advent of the oil industry.

Engineering establishments specifically related to the oil sector, and located in the area in response to the development of the oil industry will be examined in a later chapter.

(1) McDowall, Stuart and Begg, Dr. Hugh : Industrial Performance and Prospects in Areas affected by Oil Development, p.14.

(i) Background

Specialist manufacturing engineering establishments are located at a number of sites in the North East of Scotland. Most are of comparatively recent (i.e. 20th century) origin and their location in the North East was a direct result of the twin stimuli of the availability of comparatively cheap labour and the provision of central government grants for location in an area of development status - neither stimulus is now of relevance.

A number of the establishments (the majority of those of a significant size) are branch factories of United States based multinational corporations (In the somewhat grandiose view of one commentator on the North East, "The Wealth of the New World has been called in to employ the Labour of the Old"[1]), and it is the multi-national sector of the North East engineering industry which will be examined in this chapter.

"When America sneezes, Europe catches a cold" is an oft used cliche - but frequency of use does not detract from the basic truth of the statement. There has been a long term reduction in American overseas investment[2] which has been accelerated by the world-wide economic recession. America continues to be the main source of foreign capital investment in Scottish manufacturing industry but its overall importance is declining.[3]

The firms examined in the survey are in a vulnerable position - both geographically and economically. Their geographical location is peripheral and no longer tenable on grounds of the availability of cheap labour or discretionary central government grants; and demand for the product of the establishments is declining. Interviewees at all five establishments examined in the survey indicated

that demand for their product was declining. Non-voluntary redundancies were reported at four of the five establishments (at the fifth a wage "freeze" was in operation) and since the survey was completed two of the five establishments have ceased trading. The interviewees at the establishments were in general agreement that one effect of the decline in demand was to give management greater control over industrial relations, but the extent to which the opportunity for a greater control had been utilised by management varied in different establishments.

One interviewee stated that the decline in demand was "not a licence to push the unions", another that "job security was never so tenuous". At one establishment the threat of redundancy and closure of the establishment had been used as a management negotiating ploy to end a stoppage. A letter was sent to each worker from the Manager of European Operation asking that the workforce return to work immediately, "accept the present pay and conditions for a further 12 months", "extend indefinitely the June, 1981 agreement on work practices" and accept "the statement on no redundancy cannot be continued". The alternative to acceptance of the above was immediate closure of the establishment:-

"I am extremely sorry it now seems that we cannot continue at [the location]. I urge you to reconsider your position, as no further offer will be made."

The workforce returned to work; the establishment was closed approximately eight months later.

The extent to which management in the engineering establishments had utilised the shift in power away from the trade union side caused by the uncertainty of job security has thus varied -

but in the most extreme case management had regained complete prerogative to control by presenting an ultimatum to the workforce.

In summary, the non-oil related multinational engineering sector is in considerable economic difficulties, with short time working, redundancies and closures being prevalent. In some establishments the changes in demand for product had been accompanied by a considerable increase in management control.

(ii) The Establishments (see Table 9.1)

Five establishments in the 'traditional' manufacturing engineering industry were examined. All were located in urban industrial sites - two in Aberdeen, two in Peterhead and one in Fraserburgh.

One establishment (A) employed approximately 180 workers and was in the "small" size category; two establishments (C and D) employed approximately 430 and 370 respectively, and were in the "medium" size category; and the further two establishments were in the "large" size category, establishments B and E both employing approximately 650 workers. Establishments C and D have ceased trading since the survey was undertaken, and establishment B now employs less than 200 of a workforce and has an uncertain future.

(a) Employers Associations

Four of the five establishments (A,B,C, and E) were members of an employers association which negotiated with trade unions at a national level - the Scottish Engineering Employers Association (the Scottish branch of the national Engineering Employers Federation). The fifth establishment (D) was not a member of any employers association.

(b) CBI

The interviewees at establishments B,D and E indicated that their establishments were members of the CBI; the interviewee at establishment A was unsure, and the interviewee at establishment C indicated that the establishment was not a member of the CBI (The statements of interviewee B and interviewee C conflict. Each was located at a branch factory of the same company, so the response of the two interviewees to the question of membership or non-membership of the CBI should have matched).

(c) Ownership and Control

All five establishments were branch factories of multinational companies. Establishment E (originally a branch factory of an American based company) was now owned by a British based multinational. Establishments A,B,C and D were owned by American multinational companies - B and C being branch factories of the same company.

The organizational structure of the American owned companies varied. Three establishments (A, B and C) were directly controlled from America, whereas establishment D was controlled from the European headquarters of the company (based in England), although ultimate authority lay with the American parent company. Since the survey was completed local management at establishment A have "bought out" the American owning company, and the establishment now operates independently.

(iii) The Workforce (see Table 9.2)

(a) Composition

In each of the five establishments the majority of the employees were skilled and semi-skilled manual workers - who accounted for between 60% and 80% of the total workforce in each establishment (Female workers were confined to clerical positions). The skilled manual workers were employed in the various engineering trades, and many had job skills which were - potentially - directly transferable to the oil related sector.

The interviewees at all five establishments indicated that recruitment of the workforce by oil related companies had been a factor, especially in the mid-1970's (As one trade union official, interviewed in the survey, noted:- "From 1972 onwards it was noticeable that oil and traditional engineering were in the same labour market").

The effect of oil related recruitment on non-oil engineering firms was twofold - labour turnover increased, and wage rates were raised in an attempt to reduce turnover.

Labour turnover in the non-oil engineering firms increased markedly in the mid-1970's (Three of the interviewees reported that annual turnover in 1975 and 1976 was 15% - 17%) due primarily to direct recruitment by oil related companies (a "boom" in the fishing industries in Fraserburgh and Peterhead may also have affected turnover) but also because some skilled workers from other areas (mainly the Central Belt of Scotland) initially worked for short periods of time in the traditional engineering firms while searching for a position in an oil related company.

The wage rates paid by incoming oil related companies were considerably higher than those paid by the non oil sector; the effect

was that non-oil engineering companies had to increase their wages in order to retain their workforce - for example, one of the establishments examined in the survey was a branch factory of a major establishment in the Scottish Central Belt, and paid approximately £20 per week less than the Central Belt factory for a comparable job in the 'pre-oil' era; by 1971 the North East establishment was paying a higher wage than the Central Belt establishment (The series of statutory incomes policies which were in operation in the mid-1970's were intended to prevent such excessive increases in wage rates, but North East management, according to one trade union interviewee, "were using all sorts of devices to avoid losing skilled workers").

However, by the time the survey was undertaken in mid-1981, both labour turnover and wage rates had stabilised. The oil related sector was established and no longer expanding rapidly, labour turnover in the non-oil establishments was greatly reduced (see next section) and wage rates had levelled out - with oil related hourly rates (onshore) being approximately $1\frac{1}{2}$ times non-oil hourly rates. (Information obtained from trade union official). The impact of oil related recruitment was of only minor importance in comparison to the effect of recession related redundancies.

In summary, the workforce in the five North East manufacturing engineering establishments was mainly skilled, manual and male. Recruitment by the oil related sector had been an important factor in the mid- and late-1970's; but by 1981 the effects of compulsory redundancy schemes and factory closures were of far greater significance.

(b) Trade Union Membership

An examination of trade union membership in the five establishments presents a uniform picture - in each establishment a de facto post entry closed shop for manual workers was in operation, and the majority of workers were members of the AUEW (Engineering Section.) (The Peterhead establishments had a number of conscientious objectors - members of religious sects, prevalent in that area, who were forbidden by their beliefs from combining with - in some cases, even eating with - non-believers). In four of the five establishments (B,C,D,E) white collar workers were also represented by trade unions - mainly by TASS (AUEW staff section), but also by ASTMS (establishments B,C, and D) and APEX (establishments B and C). In all five establishments trade unions were recognised for the purposes of collective bargaining.

(c) Trade Union Organization

The basis of trade union organization in each of the five establishments was a joint shop stewards committee. In each establishment the manual AUEW members were represented by a committee - or committees - of elected stewards (the number of stewards varied from ten to over twenty depending on workforce size) under the leadership of a union convener. TASS members were also represented by elected representatives on the same committee; ASTMS and APEX elected representatives negotiated separately.

A feature of establishment level union representation in the engineering industry is the almost complete independence of action which shop steward committees have:-

"It is important to note that there is no formal contact between stewards and branches, and the contact vis-a-vis stewards and

(AUEW) district committees is inadequate to integrate the operation of the stewards into the life of the union".(4)

Having cited this independence of action of establishment representatives, the varied number of visitations of full-time union officials to the establishments has to be explained.

In only establishments A and E was the AUEW full-time official reported to be present during wage negotiations; the further two visits to establishment E were in connection with procedural matters.

In establishments B,C and D, the full-time officials were not reported as taking part during the wage negotiations. The single visit of the AUEW full-time official to establishment B was merely a "fact-finding" call; the eight visits of full-time officials to establishment C reflect the complicated and extensive redundancy measures being carried out at the establishment (which has since closed); and the single visit of the AUEW full-time official and two visits of the TASS full-time official to establishment D were in connection with procedural matters.

The dominant role of the joint shop stewards committee in establishment level industrial relations is emphasised by the normally infrequent intervention of trade union officials from outwith the establishment - only in special circumstances were full-time officials present, and on those few occasions they acted in conjunction with the establishment based union representatives. The organ of communication and negotiation with management in the five establishments was the joint shop stewards committee which held regular and formal meetings with management representatives - the role of the full-time official was secondary and supportive.

The trade union organization in each of the five establishments was thus similar in all major respects. In each establishment the basis of union organization was the joint shop stewards committee; and in all establishments the basis of the management-workforce relationship was regular and formal meetings between the joint shop stewards committee and management.

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 9.3)

(a) Absenteeism

Statistics on absenteeism were available from four of the five establishments (A,B,D and E). Absenteeism in three of the four establishments (A,D and E) was at a broadly similar rate (between 5% and 7%) and none of the three interviewees at the establishments made any comment on the rate of absenteeism. In the fourth establishment (B) absenteeism was at a lower level - at approx. 2% - and the interviewee acknowledged that the absenteeism rate was "very low".

(b) Labour Turnover

Labour turnover statistics were available from the same four establishments (A,B,D and E) which had supplied information on absenteeism. Turnover in all four establishments was at a low level - in each case the monthly turnover was considerably less than 1% (The comparable national figure (September, 1981) was 1.6% for mechanical engineering (male).[5] The information of turnover provides support for the previously stated contention that recruitment in 1981 by oil related companies was not a significant factor. (The fact that oil related recruitment had previously been significant was indicated by the higher turnover in previous years - in

establishment B,for example, turnover had been 16.4% in 1976 and 15.6% in 1978; in establishment D annual turnover in the mid- and late-1970's had been over 15%).

The data on both absenteeism and turnover indicate that the workforce in the industry was stable - and in no establishment was either absenteeism or turnover mentioned by management as being a problem.

(c) Industrial Action

A high incidence of industrial action in all five establishments was indicated by the available data.

All five establishments had been affected by the national AUEW one-day stoppages in Autumn, 1979 (in pursuit of an increase in the national minimum wage), and in,addition,local stoppages had occurred at three of the five establishments:- at establishment B (APEX seven week strike in 1977 during wage negotiations); at establishment C (the same 1977 APEX stoppage, and a eight day stoppage (AUEW) in 1981 in protest at redundancies); and at establishment D (three one day(AUEW) stoppages - one in protest at the redundancy of apprentices (1981), one during a wage dispute (1980), and one related to a procedural matter (1979)).

The AUEW 'unofficial' establishment level stoppages are a direct result of the virtual autonomy of establishment level shop stewards committees, which operate free from external union control.

The vigour with which establishment level union representatives pursued their demands - financial or otherwise - and indicated their opposition to redundancy is further emphasised when account is taken of the high incidence of other forms of industrial action. Four of the five establishments reported additional threats to strike; all five establishments had experienced overtime bans; and

three establishments reported occurrences of work to rule.

(v) Management and Industrial Relations

(a) Management Organization (see Table 9.4)

The proportion of management and supervisory staff in each of the four establishments compared favourably with the national figure for mechanical engineering of 8% given in Brown.[6] In establishments B and D the proportion of the management and supervisory staff - at 8.8% and 7.3% respectively - closely approximated to the national figure. In establishments A,C and E the workforce included sales and marketing staff who were not directly involved in on-site activities. In two of the establishments (A and C) these staff were included in the management and supervisory category, and hence the "top heavy" management structure at those two establishments can be explained by the fact that a section of the workforce designated as management and supervisory staff were not involved in the day-to-day running of the establishments.

It can be stated that in general the proportion of management and supervisory staff is - at the least - approximate to the national figure.

In each establishment responsibility for industrial relations matters was held by a separate personnel department, headed by a personnel and/or industrial relations manager in establishments A,B, C and D, and headed by a personnel officer at establishment E. In addition, line managements at each of the establishments were given industrial relations training.

There was thus a positive commitment by management in each of the five establishments to the development and maintenance of industrial relations expertise - indicated by the existence of personnel

departments staffed by specialists and by the running of training courses for line management - which mirrors the commitment to, and expertise in, vigorous establishment level bargaining demonstrated by elected representatives of the workforce.

(b) Management Style (see Table 9.5)

In categorising the management style in each establishment, the similarity of indicators of management style in each establishment indicates that the category of management style defined in each establishment is as follows:-

Establishments A,B,C,D,E, - "Functional Negotiatory"

In each establishment, the relationship between management and unionised workforce (a post entry closed shop agreement for manual workers was in operation in each of the five establishments) was based on regular, formal meetings between management and elected worker representatives. Personnel departments, staffed by specialists and training courses for line management were features of all five establishments.

A relationship between management style and the establishment correlates of establishment size, establishment ownership and control, and establishment location was less evident in the manufacturing engineering industry than in the other 'traditional' industries. The predominant factor was apparently the tradition of strong establishment level bargaining, underpinned by national level guidelines, which negated both the size effect (the small sample of establishments examined - including only one "small" sized establishment - makes for only the most generalised of conclusions) and the impact of American based ownership (The fact that all the establishments had been located in the area for at least thirty years, and were managed exclusively by British nationals would have greatly reduced the impact of foreign ownership).

(vi) Management and Collective Bargaining (see Table 9.6)

(a) Levels and Scope of Bargaining

Four of the five establishments were members of the EEF, and were thus party to the national level Engineering Industry Agreement between the EEF and the CSEU which sets out minimum wage rates, basic hours of work and procedural arrangements. In recent years the terms of the National Agreement have been viewed by both management and trade unions as merely a 'safety net' - bargaining at establishment level on most issues was the norm.

The insignificance of the national agreement is forcefully emphasised when it is noted that two of the managers at federated establishments (establishments A and C) did not acknowledge that their establishments were party to national agreements - whereas membership of the EEF automatically made the establishments party to the Engineering Industries Agreement.

The national agreement set out minimum hourly wage rates and stipulated the normal hours of work; aside from this the issues negotiated at the four federated and one non-federated establishment did not differ - a comprehensive range of issues was negotiated in each of the five establishments.

Four of the five interviewees (at establishments B,C,D and E) reported an increase in the level of negotiating activity, related to redundancy schemes, short time working and wage freezes which had occurred at the establishments; none of the interviewees indicated that any new issue had become subject to negotiation or that there was any change in the range of bargaining they wished to see.

(b) Management Style and Collective Bargaining

The management style in all five establishments was defined as "functional negotiatory" which directly corresponds to the similarly comprehensive range of issues subject to negotiation in the five establishments.

(c) Management Attitudes to Collective Bargaining

The attitude of the interviewees at the four federated establishments indicate that the national agreement was afforded only minor consideration - two of the four interviewees (A and C) indicated its insignificance by omitting reference to it, the other two voiced their approval of the agreement only in terms of it acting as a 'safety net' (7) - interviewee B stated that "it gives guidelines and avoids a dog-eat-dog situation", and interviewee E commented that the national agreement was "used as an indication of minimum wages". The interviewee at non-federated establishment D indicated a similar recognition of the value of the agreement in providing guidelines - "we're aware of the EEF/CSEU agreement".

The general attitude of management to the system of collective bargaining where negotiations were predominately at establishment level, with the National Agreement providing guidelines, can be stated to be one of approval. None of the interviewees expressed a desire to withdraw from the EEF/CSEU Agreement and to negotiate only at establishment level, but none acknowledged the National Agreement to be other than of secondary importance in overall terms of negotiation.

The commitment of management to establishment level negotiation is emphasised when it is noted that interviewees in all five establishments acknowledged that elected worker representatives were

in general "helpful" in solving industrial relations problems, although interviewees B,C, D and E were qualified in their overall approval of the role of shop stewards.

In summary, an examination of the multinational sector of the North East non-oil related manufacturing engineering industry has shown that management in the five establishments adopted similarly sophisticated methods of dealing with industrial relations; methods which were based on the existence of a highly developed system of formal collective bargaining at establishment level - the classic "Post Donovan" style of industrial relations. There was no indication that the foreign ownership of the establishments had influenced management style in a significant way. (The findings of the International Labour Organization support this viewpoint in a wider geographical area:- "Employer representatives..... felt that the great majority of multinational companies were conforming well to the industrial relations systems of the countries in which they were operating".) (8)

TABLE 9.1 Establishment Information (Manufacturing Engineering)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?	C.B.I.?
A	"small"	EEF	?
B	"large"	EEF	YES+
C@	"medium"	EEF	NO+
D@	"medium"	-	YES
E	"large"	EEF	YES

@ ceased trading
+ see text
* originally United States

LOCATION OF HEAD OFFICE
United States
United States
United States
GB*

TABLE 9.2 :Workforce Representation (Manufacturing Engineering)

ESTABLISHMENT	TRADE UNIONS	T.U. DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	AUEW	100%	JSSC. Regular formal meetings with management	1
B	AUEW ASTMS APEX	100%	JSSC. Regular formal meetings wiyh management	1
C	AUEW ASTMS APEX	100%	JSSC. Regular formal meetings with management	8*
D	AUEW	100%	JSSC. Regular formal meetings with management.	3*
E	AUEW ASTMS	100%	JSSC. Regular formal meetings with management	3*

*see text

TABLE 9.3: Absenteeism, Labour tunover and Industrial action (Manufacturing Engineering)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (monthly)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	5%	<1%	X	-	X	X	X	-
B	2%	<1%	X	X	-	X	-	-
C	?	?	X	X	X	X	X	-
D	5.4%	<1%	X	X	X	X	-	-
E	7%	<1%	X	-	X	X	X	-

TABLE 9.4: Management Organisation (Manufacturing Engineering)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?
A	18.8%*	YES
B	8.8%	YES
C	15.4%*	YES
D	7.3%	YES
E	10.7%	YES

* includes sales staff

I.R. TRAINING FOR MANAGEMENT?
YES
YES
YES
YES
YES

TABLE 9.5 : Management Style (Manufacturing Engineering)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE
A	"small"	100%	YES	Regular formal meetings with JSSC.
B	"large"	100%	YES	Regular formal meetings with JSSC.
C	"medium"	100%	YES	Regular formal meetings with JSSC.
D	"medium"	100%	YES	Regular formal meetings with JSSC.
E	"large"	100%	YES	Regular formal meetings with JSSC.

PERSONNEL/I.R. SPECIALISTS?	I.R. TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"

TABLE 9.6: Management Style and Collective Bargaining.

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS
A	Functional Negotiatory	N,E	N	E	E
B	Functional Negotiatory	N,E	N	E	E
C	Functional Negotiatory	N,E	N	E	E
D	Functional Negotiatory	E	E	E	E
E	Functional Negotiatory	N,E	N	E	E

(Manufacturing Engineering)

HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
E	E	E	E	E
E	E	E	E	E
E	E	E	E	E
E	E	E	E	E
E	E	E	E	E

E = Establishment level

C = Company level

N = National level

Manufacturing Engineering : Footnotes

(1) Hamilton, Hamish (ed.) : Third Statistical Account. The County of Aberdeen, p.77.

(2) Hood, N. and Young, S. : European Development Strategies of U.S. owned Manufacturing Companies Located in Scotland (HMSO).

(3) Hood, N., Reeves, A. and Young, S. : "Foreign Direct Investment in Scotland. The European Dimension" in Scottish Journal of Political Economy, Vol.28, June, 1981.

(4) Eaton,J and Gill,C : Trade Union Directory, p.87

(5) Department of Employment; figure is for September, 1981.

(6) Brown, William (ed.) : The Changing Contours of British Industrial Relations, p.19.

(7) For a similar management viewpoint see Owen, T. : The Manager and Industrial Relations, pp.62-63.

(8) International Labour Organization : Multinationals in Western Europe. The Industrial Relations Experience, p.67.

CHAPTER 10 :- Fabrication Engineering

(I) Background

Fabrication engineering establishments are located throughout the North East of Scotland. The majority of the establishments are small sized independent companies operating as general "jobbing shops" - involved in one-off fabrication, small production runs and the repair and maintenance of machinery.(1) With the advent of oil related activity in the area the flexibility of production techniques employed by the establishments gave them the potential to operate an oil related fabrication repair and maintenance capacity.

The establishments depend on contract and sub-contract work for their continued existence ("We survive day to day" said one interviewee) and because of the unpredictable nature of such work the recruitment of workers by the establishments is highly flexible - additional workers are employed if the amount of work available requires it; conversely, these workers are laid off if the establishments are not working to full capacity.

The five fabrication establishments examined in the survey were originally involved in the manufacture, repair, and maintenance of agricultural and marine equipment but had diversified into oil related work in the mid-1970's. (The proportion of oil related work to total work carried out in each of the five establishments varied from 50% to 100%). This connection with the developing oil sector had afforded a comparatively high demand for the products and services of the establishments - at the time of the survey each of the five establishments was experiencing a steady or increasing demand for products and services - and had ensured that the workforces of the establishments were fully employed. The high demand for products and services was not viewed by the interviewees as effecting industrial relations other than in the broadest terms of raising morale and providing opportunities for overtime working.

In summary, the five "traditional" fabrication establishments examined in the survey had, due to the flexibility of their methods of production, developed an oil related capacity in the early and mid-1970's (It is not suggested that all North East fabrication establishments diversified into oil related activity). The connection with the rapidly developing oil sector had ensured a comparatively high level of demand for the products and services of the establishments, but none of the interviewees identified any specific effects which the increase in demand had on industrial relations at the time of the survey.

(II) The Establishments (see Table 10.1)

Five establishments in the "traditional" fabrication engineering industry were examined in the survey. Four were located in Aberdeen; the fifth was based in a market town in the agricultural hinterland.

All five establishments were in the "small" size category - the number of employees in each establishment varied from 50 to 130.

(a) Employers Associations

None of the establishments belonged to an employers association which negotiated with trade unions at a national level. The interviewee at establishment D indicated that, although not a member of the EEF, 'advice' was received from the Federation.

(b) CBI

None of the five interviewees reported that their establishments had membership of the CBI.

(c) Ownership and Control

Three of the establishments were locally owned and controlled - two (B and C) were independent establishments and the third (establishment A) was a subsidiary of an Aberdeen based oil related company.

The two other establishments (D and E) were owned by London based companies; however, in practice, both the establishments operated independently - interviewee E commented that "the establishment is quasi-autonomous - it is owned by (the London based company) but as it is the only engineering firm in the group, the expertise for working in engineering lies in Aberdeen". Since the survey was undertaken the management at establishment D have 'bought out' the London based company, and the establishment is now autonomous.

In summary, the five establishments were basically similar in terms of both 'small' size and independence from 'off site' control, (apart from establishment A, whose status, as a subsidiary of a much larger company based in the same city, ensured that indirect control was of greater importance).

(III) The Workforce (see Table 10.2)

In all five establishments the majority of the workforce were male manual engineering trades workers - in each establishment this category accounted for a remarkably similar percentage (77% - 80%) of the total workforce. Female workers were employed only in the small number of clerical positions in each establishment.

The workforce was similar to that in the traditional mechanical engineering sector examined in the previous chapter. The skills possessed by the workers were directly transferable to the oil related sector. However, none of the five interviewees reported oil industry related recruitment as being a problem - either at the time of the survey or in previous years.

Three contributory factors in the apparent lack of recruitment of the workforce by the oil industry can be identified. Firstly, the fact that the establishments themselves were - to a greater or lesser extent - oil related meant that the demand for their products was at a comparatively high - if fluctuating - level and hence there were opportunities to increase earnings by overtime working and bonus payments not available in the mechanical engineering sector. Secondly, some of the establishments recruited additional labour in the short term in response to sudden increases in demand, and conversely made workers redundant in periods of slack demand. The lack of a consistent labour force due to internal factors would help mask the external effect of oil related recruitment. Thirdly, the very lack of detailed employee related statistics in some of the establishments (cf. the lack of data on absenteeism and labour turnover in the following section) would have prevented management from having a reliable overview of employee behaviour.

The above factors prevent an appraisal of the overall effect of oil related recruitment on the establishments. The incomplete statistics available (see next section) suggest that labour turnover at the time of the survey was not a significant factor; the flexibility of recruitment practices evident in the establishments would have 'dampened' the effect of any oil related recruitment which did exist.

(d) Trade Union Membership

In contrast to the engineering workforce in the mechanical engineering sector examined in the previous chapter, the workforce in the smaller fabrication engineering establishments was not uniformly unionised.

In two of the five establishments (B and E) there were an unknown or insignificant number of trade union members - in establishment B the interviewee responded to the question of workforce trade union membership by saying he "didn't know and didn't care"; in establishment E there were a 'few' trade union members. In neither establishment were trade unions recognised for the purposes of collective bargaining. (However, non union based negotiation, of a sort, existed in establishment E).

In the three other establishments (A,C and D) trade unions were recognised for collective bargaining purposes, and the majority of the workforce was unionised (A post entry closed shop was in operation in establishment A). The main trade union in each case was the AUEW, with , in addition, a few workers at each establishment being members of the ASB.

(c) Trade Union Organization and Workforce Representation

The organization of trade union representation within the establishments varied, and reflected the differences in the level of trade union membership in each establishment.

In the two establishments with an insignificant trade union membership (B and E) trade union organisation was non-existent. In the absence of union representation, there was no alternative representation for the workforce in establishment B, but at establishment E

a non-union "works council" was in existence. The "works council" was formed by a representative from each section of the workforce and met only infrequently. Its major task was to elect a spokesman to represent the workforce in the annual wage negotiation with management.

In establishments A, C and D, where the workforce was mainly unionised, elected representatives were present but their role differed in each establishment.

In establishment A, the two shop stewards had regular (weekly) and formal meetings with management, during which "any problems were discussed". The elected representatives (shop stewards) thus played a central role in the management workforce relationship.

In establishment C the elected representatives had only infrequent meetings with management - the rarity of these meetings can perhaps be judged by the fact that the management interviewee, when asked, could not state which unions represented the workforce, and had to check a copy of a written agreement in order to name them. The interviewee also stated that "there's little contact apart from at the yearly pay negotiations".

In establishment D, the trade union (AUEW) had only been recognised by management for bargaining purposes two years previously, in 1979. A shop stewards committee, comprised of three stewards and a convener, was elected by the workforce, but meetings between management and the committee were infrequent. The management interviewee indicated that the relationship between workforce and management rested on informal contact - stating that he "knew his workforce". The role of the elected representatives in the management workforce relationship was secondary - aside from at the time of the annual wage negotiations when the stewards committee served as the negotiating body for the workforce.

Thus in comparison to the highly developed organization of trade union representation in the bigger mechanical engineering establishments examined in the previous chapter - where an AUEW joint shop stewards committee in each establishment had regular and formal meetings with management - the trade union organization in the fabrication establishments was less highly developed. In only one of the five establishments (A) did elected worker representatives have regular and formal meetings with management, and in the other four establishments (B,C,D and E) the relationship between workforce and management was basically informal - the elected representatives at establishments C,D and E assumed a role of importance only at the time of the annual wage negotiation.

The comparative lack of establishment level trade union organization in the fabrication establishments is emphasised when it is noted that - in contrast to the manufacturing engineering sector - the local full-time official of the AUEW was present at the annual wage negotiations of the three unionised establishments (A,C and D), one possible implication being that his expertise was required by the "on site" union representatives during negotiations.

(IV) Absenteeism, Labour Turnover and Industrial Action (see Table 10.3)

The small size of the workforce in the establishments and the flexible recruiting practices exhibited by some of the establishments can both be cited as factors in explaining the lack of comprehensive data on absenteeism and labour turnover.

(a) Absenteeism

Data on absenteeism were available at three of the five establishments (A,B and D); at the other two establishments no statistics on absenteeism were compiled, but interviewee E stated that absenteeism was "very low".

At establishments A,B and D the rates of absenteeism were at a similar level of 7½%, 5% and 5%, respectively - comparable to absenteeism in the larger mechanical engineering establishments (where rates of 2% - 7% were reported). No interviewee expressed concern as to the rate of absenteeism in his establishment.

(b) Labour Turnover

Comprehensive information on labour turnover was not available at any of the five establishments.

In establishments A and E the interviewees gave an indication of labour turnover - in the former establishment "2 per year possibly leave" and in the latter establishment "we lose or gain about 5 a year". These figures apparently indicate a small labour turnover rate, both in absolute terms, and as a percentage of the total workforce, but without accurate statistics it is not possible to draw any firm conclusions on the rate of labour turnover.

No data on turnover were available from establishments B, C and D; interviewee stated that turnover "varies with the amount of work".

The general impression gained at the fabrication establishments was that the rate of labour turnover was directly related to the level of, and fluctuations in, demand for the product of the establishment. At the time of the survey all five establishments were experiencing a steady and high level of demand for their product, and the rate of labour turnover was thus at a commensurately low level. Without the requisite statistics it is not possible to prove this contention empirically.

(c) Industrial Action

Industrial action had occurred at four of the five establishments (establishments A,C,D and E - the four at which some form of worker representation was present). In two of the establishments the industrial action was of only a minor type - one occurrence of an overtime ban during wage negotiations at establishment A, and two occurrences of overtime bans during wage negotiations at establishment E. In the two other establishments (C and D) a stoppage had occurred during wage negotiations, and in addition two overtime bans had been used during wage negotiations at establishment C.

The common factor in all the incidents of industrial action was that they were linked to the annual establishment level wage negotiations. At none of the establishments had the workforce supported the AUEW one day national strikes in 1979 (The local full-time AUEW official had even called at non-unionised establishment B to attempt to persuade the workforce to support the strike, but

according to the management interviewee, the workforce "didn't care") and there were no reported incidents of industrial action in support of any other matter. The complete absence of industrial action in support of non wage negotiation issues is in marked contrast to the pattern of industrial action in the mechanical engineering establishments examined in the previous chapter, where a comprehensive range of industrial action had occurred, where the occurrences of industrial action had been more frequent, and where the underlying reasons for industrial action had been more varied. An evident explanatory factor in the relative lack of industrial action in the fabrication establishments was the comparatively weak trade union organization in the establishments.

In summary, although the information of absenteeism and labour turnover is incomplete it indicates that the workforce in the establishments was stable at the time of the survey; the data on industrial action indicate that the workforce in the fabrication establishments was comparatively less militant than in the mechanical engineering establishments, and reserved industrial action for use as a bargaining weapon during wage negotiations.

(V) Management and Industrial Relations

(a) Management Organization(see Table 10.4)

The proportion of management and supervisory staff in four of the five establishments was similar to the national average figure for mechanical engineering, and in the fifth establishment was above the national figure. The proportion of managerial and supervisory staff in establishments A,B, C and D was 8.0%, 8.1%, 9.0% and 8.7%. respectively - comparable to the national figure of 8.0% given in Brown;(2) in establishment E the proportion of managerial and supervisory staff was higher - at 11.7%.

The size of the management in the five establishments was thus comparable to the national average, but it has to be borne in mind that because of the small size of the workforce in the establishments, the number of managers and supervisors in absolute terms was relatively small. The small size of the management and supervisory staff is reflected in the fact that none of the five establishments employed a personnel or industrial relations specialist - in each establishment industrial relations was regarded by management as a secondary task; the primary role of the manager or managers who dealt with industrial relations matters was either in another specialist field (In establishment C the accountant handled industrial relations matters) or in general management (In establishments A,B, and E industrial relations matters were conducted by the manager in overall charge of the day-to-day running of the establishment; in establishment D four managers, including the managing director and assistant managing director, each held partial responsibility for industrial relations). Interviewees at establishments C and E indicated that no manager had specific responsibility for industrial

relations - interviewee E commenting that "there's no set up as such".

(b) Management Style (see Table 10.5)

In considering the indicators of management style which are apparent in each of the five fabrication engineering establishments examined in the survey, it is evident that certain features - the lack of industrial relations training and the absence of personnel/industrial relations specialists - are common to all five establishments. However, an examination of the relationship between management and the workforce in each establishment enables the differences in management style between establishments to be identified. In three establishments (C.D.E) the relationship is basically informal, with limited use being made of negotiation; in establishment A the relationship is formal and negotiatory; and in establishment B the relationship is informal and non-negotiatory.

Establishment A - "Functional negotiatory"

Although no personnel department existed in the establishment (the lack of such a department is primarily a reflection of the small size of the establishment) and no industrial relations training was given to management, the general manager exhibited considerable commitment to a functioning formal negotiatory relationship with the completely unionised workforce, based on formal weekly meetings between elected workers' representatives and management.

Establishment B - "Autocratic"

No worker representation existed at the establishment, and the management-worker relationship was completely informal, non-negotiatory and primarily ad hoc. No personnel department existed,

and no industrial relations training was given to management.

Establishments C,D and E - "Superficial Negotiatory

Elected worker representation of some form existed in the three establishments, but the relationship between management and the workforce was primarily informal, apart from during the time of the annual wage negotiations. No personnel function was evident in any of the three establishments, and no industrial relations training was given to management.

In general, there was a discernible relationship between management style and the establishment correlates of size of establishment, and ownership and control of the establishment. The "small" size of the establishments correlated with the predominantly informal basis of industrial relations; and the independence (or quasi-independence) from outside control facilitates the continued existence and use of informal methods of conducting industrial relations in establishments B,C,D, and E. The fact that industrial relations were formalised to a markedly greater extent in establishment A can be related to the fact that this establishment was the subsidiary of, and was located in the same city as, a very large oil related company - external control and influence from the geographically and organizationally proximate head office may have been a factor in enabling a more strategic industrial relations policy to be pursued in establishment A.

(VI) Management and Collective Bargaining (see Table 10.6)

(a) Levels and Scope of Bargaining

At the four establishments where bargaining occurred (establishments A,C,D andE - non-unionised bargaining occurring at E) all issues were negotiated at establishment level between management representatives and elected representatives of the workforce (accompanied by the full-time AUEW official at establishments A,C and D).

An incomplete range of the listed issues was reported as being subject to negotiation in the establishments. In each of the four establishments the work related issues of pay, hours of work, discipline and working conditions were negotiated and additionally health and safety was viewed as a negotiable issue in three of the four establishments (establishment C being the exception). Aside from these generally negotiated issues, specific other subjects were reported as being negotiable in different establishments - welfare and technical change in establishment A, welfare in establishment C, and redundancy in establishment D. The range of issues negotiated in the establishments was thus not comprehensive, negotiating activity was concentrated on the job related issues, with various other issues being negotiated in only particular establishments.

Two of the interviewees (at establishments A and C) had perceived no change in the amount of negotiating activity in the previous few years, and two of the interviewees indicated that the level of negotiating activity had decreased in the previous few years - interviewee D attributing this to the advent of unionisation ("it decreased when we became unionised") and interviewee E saying that negotiating activity had "eased off since the mid-1970's".

Only one interviewee indicated that there were changes in bargaining style which he would wish to see - interviewee A stated that he would "prefer to avoid excessive claim and counterclaim" and would rather have "more direct bargaining".

(b) Management Style and Collective Bargaining

There was no significant difference between the range of issues negotiated in the establishment at which a functional negotiatory style of management existed (establishment A) and the three establishments at which the management style was categorised as superficial negotiatory (establishments C,D and E). (See Table 10.6) At the time of annual wage bargaining - when the above issues were negotiated - there was no discernible difference between the management workforce relationship at the four establishments; at all other times, however, there was a marked contrast between the functioning formal relationship in establishment A and the informal and ad hoc style of management evident in the other three establishments.

The absence of negotiation at establishment B equates with the autocratic style of management discerned at the establishment.

(c) Management Attitudes to Collective Bargaining

The manager interviewed at each of the four establishments which negotiated with the workforce exhibited a preference for negotiation of all issues at establishment level. Each interviewee stated he preferred negotiating at establishment level, the general consensus of opinion being that it allowed independence of action - interviewee A said establishment level bargaining gave "more control"; interviewee D stated that "both management and workforce preferred to deal with their own problems".

The preference of management in the fabrication engineering establishments for total independence in the conduct of industrial relations in general and negotiations in particular was made feasible by the absence of restrictions imposed by an national agreement, and was facilitated by the apparently similar desire of the workforce in the establishments to remain establishment orientated in the conduct of industrial relations (cf. the above statement of interviewee E, and the non-observance of the 1979 AUEW national stoppages commented on in section iii). The outcome of two factors - the almost complete absence of outside intervention in the management workforce relationship and the comparative weakness of establishment-level trade union organization (indicated by the involvement of the full-time trade union official at the time of the annual negotiation, the full-time official being the only outside agent involved in the relationship) was that diverse and predominately informal styles of management were evident in the establishments.

In four of the five establishments (B,C,D,E) the management relationship with the workforce was predominately informal (only when the outside agent - the full-time trade union official - intervened in the three unionised establishments was the relationship formalised). In only establishment A had the management made the commitment to an ongoing formal relationship between themselves and the worker representatives.

The attitude of the management interviewees to the role of elected worker representatives in establishment industrial relations gives additional weight to the argument that in only establishment A was management sufficiently committed in practice to functioning formal industrial relations. The management interviewee in establishment A - the only establishment at which elected worker representatives

were a constantly significant factor in establishment industrial relations - stated that elected worker representatives were of help in solving industrial relations problems, whereas at the other establishments - where the role of the elected worker representatives was relatively insignificant for much of the time - the attitude of management interviewees to elected worker representatives was either ambivalent or negative, reflecting both the insignificance of the role of elected worker representatives and the preference of management for informal industrial relations.

In summary, industrial relations in the 'small' fabrication establishments was regarded by the majority of management interviewees as a subject to be dealt with in an informal manner (aside from at the time of the annual wage negotiations). It is of interest to note that the ad hoc approach of management to industrial relations corresponds with a type of production (mainly "one-off" fabrication or "small run" manufacture on a contract basis) which was itself essentially "ad hoc" ("We survive on a day-to-day basis").

TABLE 10.1 Establishment Information (Fabrication Engineering)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?	C.B.I.?	LOCATION OF HEAD OFFICE
A	"small"	-	-	local
B	"small"	-	-	local
C	"small"	-	-	local
D	"small"	-	-	GB +
E	"small"	-	-	GB *

+ became locally owned/controlled shortly after survey
* quasi-autonomous

TABLE 10.2 :Workforce Representation (Fabrication

ESTABLISHMENT	TRADE UNIONS	T.U. DENSITY (MANUAL)
A	AUEW ASB	100%
B	-	-
C	AUEW ASB	?
D	AUEW ASB	?
E	-	-

Engineering)

WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
Elected workforce representatives - regular (weekly) meetings with management.	1
None	-
Elected workforce representatives - meetings with management on an ad-hoc basis.	1
Committee of elected workforce representatives Meetings with management infrequent.	1
"Works council"-infrequent meetings. Main task - election of "spokesman".	-

TABLE 10.3: Absenteeism, Labour turnover and Industrial action (Fabrication Engineering)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (monthly)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	7.5%	?*	-	-	-	X	-	-
B	5%	?	-	-	-	-	-	-
C	?	?	-	X	-	X	-	-
D	5%	?	-	X	-	-	-	-
E	"v.low"	?*	-	-	-	X	-	-

* see text

TABLE 10.4:Management Organisation (Fabrication Engineering)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?
A	8.8%	NO
B	8.1%	NO
C	9.0%	NO
D	8.7%	NO
E	11.7%	NO

I.R. TRAINING FOR MANAGEMENT?
NO
NO
NO
NO
NO

TABLE 10.5 : Management Style (Fabrication Engineering)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE
A	"small"	100%	YES	Regular formal meetings with elected workforce representatives.
B	"small"	-	NO	Informal, one-to-one.
C	"small"	?	YES	Mainly informal.
D	"small"	?	YES	Mainly informal.
E	"small"	-	NO	Mainly informal.

PERSONNEL/I.R. SPECIALISTS?	I.R. TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
NO	NO	"Functional Negotiatory"
NO	NO	"Autocratic"
NO	NO	"Superficial Negotiatory"
NO	NO	"Superficial Negotiatory"
NO	NO	"Autocratic"

TABLE 10.6: Management Style and Collective Bargaining. (Fabrication Engineering)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Functional Negotiatory	E	E	E	E	E	-	-	E	E
B	Autocratic	-	-	-	-	-	-	-	-	-
C	Superficial Negotiatory	E	E	E	E	-	-	-	E	-
D	Superficial Negotiatory	E	E	E	E	E	E	-	-	-
E	Autocratic	-	-	-	-	-	-	-	-	-

E = Establishment level
C = Company level
N = National level

Fabrication Engineering - Footnotes

(1) For a survey of engineering establishments, see D. Hunt : The Engineering Industry in the Grampian Region, NESDA (1979).

(2) Brown, William : The Changing Contours of British Industrial Relations, p.19.

CHAPTER 11 :- The Traditional Industries : Commentary

(i) Introduction

The examination of management and industrial relations in the "traditional" manufacturing sector of the Grampian Region encompassed a total of 31 establishments in six industries - food processing, fish processing, textiles, paper-making, fabrication engineering and manufacturing engineering. The overall employment in the 31 establishments was approximately 9600, which represented a significant sample of total manufacturing employment in the Grampian Region (estimated as approximately 28.9 thousand in 1981).(1)

Data obtained from the traditional establishments examined in the survey underline the predominance of negotiatory based industrial relations in the traditional sector, and provides evidence which indicates that the nature of industrial relations in the North East of Scotland was not significantly different from the general nature of industrial relations at a national level - 87% of the 'traditional' manufacturing establishments examined in the survey (27 from a total of 31) utilised collective bargaining, in comparison to a comparable national level figure for manufacturing industry of 90%, given in Brown.(2) (Both surveys were based on an examination of manufacturing establishments employing at least fifty workers).

The "functional negotiatory" management style was the most common style evident in the traditional industries, being present in 16 of the 31 establishments. The "superficial negotiatory" style was evident in 8 establishments; the "traditional" style was defined in 3 establishments; the "sophisticated paternalist" was evident in 1 establishment; and the "autocratic" style was present in 3 establishments. Thus, of the six management styles which were

defined in theoretical terms in chapter 2, five were evident, to some extent, in the survey of 'traditional' establishments. The management style which was not present in any of the "traditional" establishments examined in the survey was the "consultationary" style.

"Strategic" management styles (functional negotiatory, sophisticated paternalist) were defined in 17 of the 31 establishments; in the other 14 establishments management style was "non strategic" (i.e. superficial negotiatory, traditional, autocratic). This represented a markedly lower incidence of "strategic" management styles than was defined in the oil related industries.

The approach of management to industrial relations in the "traditional" industries can thus be summarised as predominately negotiatory, but with significant variations in the management style adopted within individual establishments - with both "strategic" and "non-strategic" styles being utilised to a significant extent.

The following section will examine in greater detail the results of the survey, and will discuss the impact of the development of the oil industry, and the effect of economic recession, on the "traditional" industries examined in the survey.

(ii) Industrial Relations in the Traditional Industries

The examination of industrial relations in the traditional manufacturing industries of the North East of Scotland has underlined the importance of the role of collective bargaining, and has indicated that industrial relations in the traditional industries of the North East does not, in general, vary significantly from the 'typical' British system. The degree of formality of the relationship between workforce and management, and the extent to which collective bargaining is central to industrial relations may vary

in different establishments, but the existence of collective bargaining in some form is a characteristic of the majority of establishments examined in the survey.

A major factor acting on the system of industrial relations, and on the conduct of collective bargaining, at the time of the survey, was the economic recession (see chapter 3), which had severely damaged the manufacturing industries - redundancies and factory closures were common - and the position of trade unions vis-a-vis management had been weakened. The survey revealed that the impact of the economic recession on the traditional manufacturing industries of the North East of Scotland had been significant - 3 of the 31 'traditional' establishments examined in the survey (i.e. manufacturing engineering establishments C and D; fish processing establishment C) ceased operations within six months of the survey being conducted, and many other establishments had initiated redundancy schemes and short time working schedules. Peripheral geographical location makes the North East based branch establishments of national and multinational companies particularly vulnerable to closure when these companies initiate "rationalisation" measures and redeploy resources, and it is significant that the 3 establishments which ceased operation were branch factories. An alternative to closure, in some instances, has been the "management buy-out", for planned withdrawal of operations by national or multinational concerns had led to local management taking over complete control of, and assuming total responsibility for, the running of the establishment. This feature was evident at 2 establishments examined in the survey (fabrication engineering establishment D, manufacturing engineering establishment A) and has occurred at other factories in the North East (e.g. British

Fish Canners, Fraserburgh).

Thus, in industrial economic terms recession has had a significant impact on the traditional manufacturing sector of the North East economy - although, as was stated in chapter 3, the detrimental effect of recession on the traditional industries has been partially alleviated (and hence partially masked) by the development of the oil industry in the region. How then, has the impact of recession on the traditional industries been reflected in the industrial relations of the establishments?

The effect of recession on industrial relations in the North East traditional establishments can be viewed as a two-fold process - acting both at a general level, and at a specific establishment level.

At a general level, the impact of recession on industrial relations was perceived by management interviewees in terms of the effect on the comparative strengths of management and workforce in establishment industrial relations - the recession was cited as having undermined workforce morale, and thus as having reinforced management control in the establishment. (It should be noted that in a considerable number of establishments the economic effects of recession - lack of demand for products, uncertainty of future operations, etc. - were regarded as being the major impact of recession; the benefits accruing to management in the context of industrial relations were regarded as beneficial, if incidental, side-effects).

The impact of recession on the industrial relations of specific establishments varied considerably, depending both on how the particular establishment was faring in the harsh economic climate, and on how management was transferring the above noted increase in

power and influence vis-a-vis the workforce into action. The two factors are related and it is significant that the most obvious signs of management ascendancy were evident in the establishments which were experiencing the severest difficulty in the recession. Thus, for example, management in the badly hit manufacturing engineering establishments were exploiting (or were being forced to exploit) the comparative weakness of the trade unions and were utilising the implicit threat of redundancy and/or closure in order to push through unpopular measures such as wage freezes and short time working.

Whereas the specific form of management action may have varied in different establishments, a common feature was that these measures were tactical initiatives undertaken for short term gain, rather than the outcome of long tern planning. There was no evidence that fundamental changes in management style were occurring in any "traditional" establishment examined in the survey as a result of the conditions engendered by the economic recession. The absence of perceived changes in the defined management style of an establishment is in accord with the conclusions made in chapter 3 on the effect of the economic recession on British establishment industrial relations. For instance, there are comparatively few examples of an increase in management influence at the workplace being utilised to introduce fundamental changes in management style; on the contrary, the economic constraints and operational pressures caused by recession have, in most cases, prevented management from allocating the time and resources required to undertake strategic changes in management style, where such changes were viewed as desirable. Ensuring continuation of operation has been of paramount importance, and the fact that workforces have been - perhaps temporarily -

subdued in the context of industrial relations has been welcomed by management as a fortunate side effect of unfortunate economic circumstances, rather than as presenting the opportunity for initiating significant alterations in the style of establishment industrial relations. "Union bashing" in as much as it was evident, was manifested in ad hoc measures ("We got shot of some trouble-makers") to alter the balance of power within a negotiatory context, rather than in efforts to replace negotiatory based industrial relations with a non-negotiatory alternative.

It is significant that, in relation to the discussion of the effects of economic recession on industrial relations, there was no evidence of an increase in the use of the "consultationary" style of management in the "traditional" establishments examined in the survey. Recent observers(3) have suggested that an increase in the use of participatory negotiation - formalised industrial relations with limited negotiation and extensive consultation (i.e. the consultationary management style) - would be one outcome of the present industrial relations climate. However, it should be noted that, at a national level, the establishments most prominent in the introduction of the "consultationary" management style have been large sized, and engaged in the high technology micro-electric industries - industries which are conspicuous by their absence in the North East of Scotland. It is also significant that these industries have weathered the recessionary storm with comparative ease, and have hence been able to exploit the new found advantages in the labour market and industrial relations (e.g. by utilising selective recruitment practices, "no strike" clauses, etc.) without enduring the commensurate operational and financial constraints imposed by recession. In a similar way, oil related establishments in the North

East of Scotland have been facilitated in the implementation of the "sophisticated paternalist" and "autocratic" management styles by their comparative financial well-being and their position as prime and preferred employers in a slack labour market.

If the major contemporary issue at a national level has been the economic recession, the major factor acting specifically on the North East has been the development of the oil industry. The survey indicated that the impact of oil related recruitment on labour in the 'traditional' industries was not as significant as might have been expected.

In chapter 3, the labour market in the North East was examined, and one conclusion drawn was that there was not a homogeneous market for labour. The available information, both quantitative and non quantitative, indicated that there were geographical and structural variations in earnings and recruitment practices within the North East. The results from the survey of the "traditional" manufacturing establishments supports this general conclusion, specifically in that oil related recruitment of labour from the "traditional" industries was found to be a factor of only minor significance in most establishments. Exceptions to this general rule were the recruitment of skilled service and maintenance technicians from a number of "traditional" establishments located in areas of oil related activity (i.e. Aberdeen and Peterhead) and a more general outflow of labour from the traditional engineering sector. In both these cases, however, the loss of skilled employees to the oil related sector had been mainly a phenomenon of the mid-1970's, and by the time of the survey, information obtained from the "traditional" establishments indicated that such recruitment had abated and labour forces had stabilised.

The slack labour market - both nationally and at a local level - and the fact that the skills of many workers in the traditional industries were not directly transferable to oil related employment ensured that oil related demand for labour was not a factor of significance for the majority of the North East "traditional" establishments. In a situation of full employment the impact of the development of the oil industry on the North East labour market would have been more pronounced, and trade unions, as organisers and representatives of large sections of the workforce, would have been in a strong bargaining position; however, the reality of economic recession was that there was a large pool of available labour - large enough to undermine trade union bargaining position, and too large to be absorbed by the oil industry. Hence wage rates in the "traditional" industries remained at a level comparable to, or below, the national average.

It is evident from the survey that trade union activity in the traditional industries had been restricted by the impact of economic recession, a feature of contemporary industrial relations which has been widely documented at national level.(4) The survey has also indicated that trade union strength - in terms of the extent of development of establishment level organisation, the proportion of workers in an establishment who are union members, and the ability of unions to instigate and sustain industrial action - varies considerably in the traditional industries. Trade union strength was, in general, at its most pronounced in the manufacturing engineering industry, and to a lesser extent, in the papermaking industry, but was less developed in the four other "traditional" industries examined in the survey; there were also, in general,

geographically based variations in the degree to which workforces exhibited commitment towards trade unions, depending on whether a particular establishment was located in an urban area (e.g. Aberdeen, with its long history of unionised workforces in a variety of industries,[5] or Peterhead, where trade union activity was more recent, but well established in the engineering industry[6]), or in a rural area, where unions were less well established.

(iii) Management Style and the Establishment

The relationship between the defined management style and the establishment correlates of establishment size, establishment ownership and control, and establishment location has to be considered, as does the relationship between the defined management style in an establishment and establishment membership of employers associations.

The survey provides evidence of a direct relationship between management style and establishment size - in general, increasing formality of management style correlates with increasing size of establishment. Of the 17 establishments at which the management style was defined as formal (i.e. 16 "functional negotiatory", 1 "sophisticated paternalist"), 8 were "large" sized, 7 were "medium" sized, and only 2 were "small" sized. In contrast, of the 14 establishments at which management style was defined as informal (i.e. 8 "superficial negotiatory", 3 "traditional", 3 "autocratic") only 2 were "medium" sized, and 12 were "small"sized. In general, the underlying trend is a correlation of increasing formality of management style and increasing size of establishment - the reason being, as was noted at a national level in the SSRC study, that ....."enterprise size appears to influence the specialization of industrial relations management." [7]

(A feature noted by one trade union official interviewed in the survey, who stated that "companies employing more than 200 workers are now employing (industrial relations) specialists" i.e. "medium" and "large" establishments are distinguished from "small" establishments by the employment of personnel/industrial relations specialists).

In specific establishments (.e.g. fabrication engineering establishment A) and in particular industries (.e.g. manufacturing engineering) the relationship between management style and establishment size is less clearly defined, but the overall evidence sustains the hypothesis that formalisation of management style and establishment size are directly related. (However, it should be noted that this conclusion is based on a relatively small sized survey sample of establishments).

The "size effect" on industrial relations has been examined in a number of publications. The conventional wisdom(8) that "small is beautiful" - that the relationship between management and workforce in small establishments is informal and comparatively harmonious based on a close relationship between a paternalistic, caring management and a loyal, compliant workforce - is challenged by recent observers(9) who have stated that the harmony of relationship is often more apparent than real. The results of the survey support the latter viewpoint - in general, small size correlated with informality of industrial relations (i.e. correlated with the "superficial negotiatory", "autocratic" and "traditional" management styles) but the occasions where informality was combined with a harmonious relationship between paternalistic management and loyal workforce (i.e. the "traditional" management style) were comparatively rare. Informality of relationship rarely implies a mutuality of interests.

The salient feature revealed by an examination of the relationship between the defined management style and the nature of establishment ownership and control is that the locally owned and controlled establishments (2 fish processing, 3 food processing, 3 textiles, 1 papermaking and 5 fabrication engineering) were characterized by the presence of informal management styles (11 of the 14 establishments utilised the superficial negotiatory, traditional or autocratic style.) whereas 15 of the 17 branch establishments of national or multi-national companies (3 fish processing, 2 food processing, 2 textiles, 4 papermaking and 5 manufacturing engineering) utilised a formal management style.

The extent to which the widespread existence of informal management style in "small" sized establishments is a reflection of independence from external control, and the extent to which informality is a reflection of the comparatively small size of establishment is difficult to discern, as the majority (11 of a total of 14) of locally owned and controlled establishments were also "small" sized. However, what can be stated is that the correlation between informality of management style and a combination of the establishment correlates of "small" size and local ownership and control is highly significant (10 of the 11 establishments which were both locally owned and controlled and "small" sized utilised 'informal' management styles).

Ownership and control by foreign companies was a feature evident only in the manufacturing engineering industry, where 4 of the 5 establishments were branch factories of American multinationals. However, as was noted in the chapter examining survey results from that industry, foreign ownership did not have a significant effect on the nature of industrial relations in the establishments, which was

typical of the highly developed establishment level bargaining which is the norm in the manufacturing engineering industry.

As was noted in the previous section, establishment location was a factor related to the attitude of the workforce towards the role of trade unions. It is significant that four of the five rurally based establishments examined in the survey (food processing establishment D, textile establishments A and B, and papermaking establishment C) were characterized by the absence of strong pro-union sentiment amongst the workforce (in food processing establishment D the workforce attitude towards trade unions was explicitly negative, if the result of the ballot is a true indication of feeling) and by the predominantly informal "one to one" relationship between management and workforce. In the fifth rurally based establishment (fabrication engineering establishment D) the workforce had just recently been unionised, and there was still evidence that the relationship between management and workforce remained informal. (It should also be noted that four of the five rural establishments were independent, and that the fifth (fabrication engineering D) regained independence when it was the subject of a "management buy-out").

Whilst rural location correlated with an informal "one to one" management workforce relationship (i.e. correlated with "autocratic" or "traditional" management styles) the converse was not the case - urban location did not necessarily correlate with formality of industrial relations. The establishments in which management style was defined as "functional negotiatory" and "sophisticated paternalist" were located in urban areas, but urban location was also a feature of a considerable number of establishments in which the management-workforce relationship was informal. As was the case in the discussion of management style and establishment ownership, a problem

arises from examining, in isolation, the relationship between management style and a specific establishment correlate - for to examine establishment location whilst neglecting establishment size ignores both the fact that four of the five rural establishments were "small" sized (and the fifth was in the lowest quartile of the "medium" size category) and the fact that the most obvious difference, in general, between urban establishments with formal industrial relations and urban establishments with informal industrial relations was establishment size.

It is evident that, of the three establishment correlates identified and examined (establishment size, establishment ownership and establishment location), the predominant correlate, in terms of the relationship with management style, is establishment size. Establishment ownership and establishment location may have a bearing on the nature of industrial relations within an establishment, but the effect of these factors is secondary to, and to an extent, dependent on, the effect of establishment size,

The role of employers associations in industrial relations, and the extent of supra-establishment level bargaining varied considerably in the six traditional industries examined in the survey.

In the fish-processing and fabrication engineering industries, not one of the establishments was a member of an employers association which negotiated at a national level with trade unions, and negotiations were conducted exclusively at a local level. In the textile and food processing industries some establishments were not members of employers associations, and negotiated all agreements and issues at establishment, whereas other establishments were members of employers associations that negotiated at a national level;

nevertheless the latter establishments were also characterized by additional establishment level bargaining of significant scope. The papermaking and manufacturing engineering industries were, in contrast, distinguished by the high level of membership of industry based employers associations. In the manufacturing engineering industry the EEF national agreement was regarded as little more than the basis on which to conduct supplementary establishment level collective bargaining, whereas in the papermaking industry, the national level agreements were central to collective bargaining, although often supplemented by further establishment level bargaining.

In considering the relationship between management style and establishment membership, or non-membership, of an employers association which negotiated with trade unions the salient features to be noted are that the majority of establishments which were members of negotiating employers association utilised the functional negotiatory style of management (i.e. formalised collective bargaining) and that most of these establishments were "medium" or "large" sized, whilst the majority of non-affiliated establishments were "small" sized - thus, once again, it is not possible to examine the relationship between management style and a single other feature of the establishment (in this case, membership or non-membership of an employers association) in isolation, for it is obvious that another feature - establishment size - is a major factor related both to whether or not the establishment holds membership of an employers association, and to the management style within the establishment.

The most striking feature of the response to the question of establishment membership of the Confederation of British Industry

was the number of "don't knows" (6 out of 31). The underlying explanation for the significant number of "don't knows" is that managers do not regard the CBI as being as relevant or important as professional bodies (e.g. BIM, IPM) in the representation of managerial - as opposed to establishment - interests. This attitude is well summarised by one manager:-

"(The CBI) is not structured to speak on behalf of managers, but on behalf of employers".(10)

A further explanation for the "don't knows" is that company level membership of the CBI was not known by management in individual establishments.

The majority of the establishments which were identified as being afiliated to the CBI were the "large" and "medium" sized branch establishments - mainly in the papermaking and manufacturing engineering industries.

(iv) Management Style and Industrial Action

The results of the survey provided evidence which supported the contention - noted by Edwards and Scullion(11) - that there is a direct relationship between the extent and effectiveness of workforce influence in establishment industrial relations, and the level of industrial action.

The relationship between the defined management style and the level of industrial action in each of the 31 "traditional" establishments suggests that the management styles which accept the greatest degree of workforce influence - "functional negotiatory" and, to a lesser extent, "superficial negotiatory" - are also

characterized by the greater incidence of industrial action, whilst the management styles which allow a low, or insignificant level of workforce influence - "traditional", "sophisticated paternalist" and"autocratic" - are characterized by a low, or insignificant, level of incidence of industrial action.

Industrial action in the establishments with a "functional negotiatory" or "superficial negotiatory" management style was at a comparatively high level - 7 of the 16 establishments with a "functional negotiatory" management style had experienced strike action (14 out of 16 establishments had experienced some form of industrial action) and 2 out of 8 establishments with a superficial negotiatory management style had experienced strike action (4 out of 8 establishments had experienced some form of industrial action). In comparison, in the 7 establishments in which management style was defined as "traditional" or "autocratic" or "sophisticated paternalist" the total extent of industrial action was limited to one occurrence of an overtime ban (textile establishment B) and one "threat" to strike (fish processing establishment D). No strike action had occurred in any of the 7 establishments.

The results of the survey indicate that, in general, there is a direct relationship between the degree of workforce influence in establishment industrial relations and the level of industrial action. It is evident that the management style which incorporated the highest degree of workforce control - "functional negotiatory" - is characterized by the highest level of industrial action, and that the other management style which incorporates a significant measure of workforce control - "superficial negotiatory" - is also characterized by a significant level of industrial action. The fact that the "consultationary" style was not evident in any of the

establishments examined in the survey precludes examination of the relationship between that style - which also incorporates a significant measure of workforce influence - and industrial action. However, it is anticipated that industrial action would be at a comparatively low level in establishments which utilised the "consultationary" style, for the consultationary approach is based on the avoidance of divisive adversarial negotiation and the eschewal of the industrial action which is so often the unwanted legacy of pluralist industrial relations.

(v) Management Style and Collective Bargaining

The attitude of the interviewees towards the role of collective bargaining was, in general, one of tacit approval - an acceptance of the status quo. This was the case irrespective of the level or levels of, and scope of, bargaining within particular establishments, and is probably a reflection of the resigned acceptance of individual managers that they themselves could not alter the basically adversarial, negotiatory approach to industrial relations which was evident in the majority of establishments examined in the survey. It is significant that when asked if there were any changes in the range of bargaining, the interviewees either responded in the negative, or suggested minor alterations, rather than expressing a wish to see fundamental changes.

Collective bargaining was utilised in 27 of the 31 establishments examined in the survey, but there were considerable variations both between establishments, and between industries as to the range of issues regarded as being negotiable, and to the level, or levels at which negotiations were conducted.

The scope of bargaining, in terms of the range of issues regarded as being negotiable was in general directly related to the defined management style. (A problem is caused by individual managers' interpretation of "negotiable". In some establishments - textiles A and B, for example, - it is evident that a number of issues were not "negotiable" in the strict definition of the word, but were rather subject to informal discussion. Variations in interpretation are an inevitable consequence of questionnaire based research;in the course of this survey care was taken, where possible, to prevent misinterpretation).

The 16 establishments in which management style was defined as "functional negotiatory" reported an extensive or comprehensive range of issues which were potentially subject to collective bargaining. 12 of the 16 establishments reported that all listed issues were subject to negotiation; in the other 4 "functional negotiatory" establishments all issues were stated to be negotiable apart from redundancy (fish processing establishment A, textile establishmentC, fabrication establishment A), work organisation (textile establishments C and D, fabrication engineering establishment A) and technical change (textile establishments C and D).

In 7 of the 8 establishments in which management style was defined as "superficial negotiatory" the scope of bargaining was, in general, restricted in comparison to the scope of bargaining evident in the establishments where management style was defined as "functional negotiatory". (In the eighth establishment - textile establishment E - the interviewee did not respond to the questions relating to issues negotiated.) A central core of 'hard' issues - pay, hours and discipline - were stated to be negotiable in each of the 7 establishments; additional issues stated to be negotiable

were working conditions (5 establishments), health and safety (3 establishments), redundancy (2 establishments) and welfare (3 establishments). Evidently the major difference between the scope of bargaining generally utilised in "functional negotiatory" establishments and the scope of bargaining generally utilised in "superficial negotiatory" establishments is that there is a greater incidence of utilisation of negotiation on what might be termed 'secondary' issues - technical change, work organisation, health and safety, etc. - in the "functional negotiatory" approach; both "superficial" and "functional" negotiatory approaches are characterized by bargaining on the 'hard' job related primary issues of pay, hours and discipline. Such a generalised statement inevitably masks variations in the relationship between management style and collective bargaining in individual establishments, but it does identify the underlying trend.

Only 3 establishments in which the management style was defined as 'traditional' were examined in the survey; this small sample prevents the formulation of detailed conclusions as to the relationship between the 'traditional' management style and collective bargaining. As was discussed in chapter 2, the "traditional" style should be characterized by a limited reliance on collective bargaining as the basis of the relationship between workforce and management, and hence it is anticipated that the scope of bargaining in papermaking establishment C (where only pay, hours of work and health and safety were stated to be negotiable) is more representative than the wider scope of bargaining which was evident in the two other establishments at which the 'traditional' management style was defined (textile establishments A and B - where it was concluded that a number of the reported issues were not subject to negotiation

in the strictest sense of the word, but rather discussed in an informal manner). However, examination of collective bargaining in a greater number of establishments with a traditional management style is required before firm conclusions can be made.

The establishments where non-negotiatory styles of management were defined - fish processing establishment D ("sophisticated paternalist"), fish processing establishment B "autocratic"), food processing establishment D ("autocratic") and fabrication establishment B ("autocratic") were, by definition, characterized by the absence of collective bargaining.

In examining the level or levels at which bargaining was conducted it is evident that the two basic systems which can be identified are establishment level-only bargaining, and establishment level bargaining conducted in conjunction with national level bargaining.

The survey of the 31 'traditional' establishments indicated that the role of company level bargaining (i.e. supra-establishment level bargaining conducted by representatives of management and the workforce from a number of branch factories of an industrial company) was in general insignificant. This finding contrasts with results from recent surveys which suggest that company level (or "corporate" or "multi-plant") bargaining is on the increase. One explanation for the comparative lack of company level bargaining in the establishments covered by the survey (i.e. the establishments which could, in theory, be party to company level bargaining) had originally been independent establishments, and many continued to possess an individual identity (often based on well known brand name products) and retained considerable independence of action

from geographically remote head offices. In such circumstances, there is a greater liklihood that all negotiations will be retained at establishment level than would be the case if the establishment was, for example, a purpose-built branch factory manufacturing components, located in a more accessible area of Britain.

Single employer bargaining (i.e. negotiations at establishment level only) was evident in fish processing, food processing, textiles and fabrication engineering, whereas combined single- and multi-employer bargaining dominated in the papermaking and manufacturing industries, and was also evident in textiles and food processing. As was noted in section(iii), it was the "medium" and "large" sized establishments which were most often subject to combined single - and multi-employer level bargaining, and it must be stressed that bargaining at a national level does not, in general, prevent extensive establishment level bargaining in these establishments. The "formal" and "informal" system of industrial relations evident in the 1960's, and identified in the Donovan Report(14) - formal national level bargaining accompanied by additional informal, unstructured establishment level bargaining - are no longer the norm. The importance of national level bargaining has been greatly reduced (in most industries national level bargaining is viewed only in terms of providing guidelines) whilst the formality of establishment level bargaining has, in general, greatly increased. It is significant that in three of the four establishments examined in the survey where bargaining on the 'hard' issues of pay and hours of work was restricted to national level negotiations (i.e. textile establishments A and B , papermaking establishment F) the establishment level relationship between management and workforce was informal, (i.e. continued to follow the Donovan "two systems" pattern of industrial

relations) whereas the establishments which were members of negotiating employers associations and conducted establishment level bargaining on the "hard" issues were characterized by formal industrial relations (e.g. "functional negotiatory" management style).

(vi) Summary

The examination of management style and collective bargaining in the six 'traditional' industries revealed that negotiation is the dominant form of industrial relations - 27 of the 31 establishments covered by the survey utilised collective bargaining to some extent. However, the extent to which collective bargaining was central to the conduct of industrial relations varied between industries and between establishments, as did the degree of formality of collective bargaining.

The centrality and formality of collective bargaining was most pronounced in the manufacturing engineering and papermaking establishments examined in the survey; in the other four industries there was significant variation in centrality and formality - and hence there were marked differences in the management style defined in individual establishments.

Industrial relations in the "traditional" manufacturing industries of the North East of Scotland thus conformed, in general, to the national picture, with collective bargaining being the dominant form of management-workforce relationship. In examining the relationship between management style and the establishment correlates of establishment size, establishment location and establishment ownership, it was evident that the predominant correlate, in terms of the relationship with management style, was establishment size. The

effect of foreign ownership was not significant (in contrast to the impact of foreign ownership on industrial relations in the oil related industries) and establishment location was a significant factor in only a minority of establishments.

The survey of the traditional industries indicated that there was a direct relationship between management style and the level of incidence of industrial action. In general, the greater the degree of workforce influence in establishment industrial relations, the higher the incidence of industrial action - thus the two management styles which allowed or accepted the highest degree of workforce influence ('superficial' and 'functional' negotiatory management styles - the two most common styles evident in the survey) reported the highest incidence of industrial action, whereas the other management styles - 'autocratic', 'sophisticated paternalist' and 'traditional' - with an insignificant degree of workforce influence, reported a markedly lower level of industrial action.

There was little evidence that oil related recruitment had markedly increased labour turnover in the North East "traditional" manufacturing establishments - combined with the data on earnings, given in chapter 3, which indicated that non-oil earnings in Grampian remained below the national average, and with the statements of a number of interviewees who specifically reported that the development of the oil industry had not had a marked impact on the relationship with the workforce in their establishments, the conclusion which can be drawn is that the conduct of industrial relations in the non-oil related sector of the North East economy had not, in general, been significantly effected by the development of the oil industry.

The Traditional Industries : Commentary - Footnotes

(1) Scomer, estimate, in Scottish Economic Bulletin, No.26 (1983).

(2) Brown, William (ed.) : The Changing Contours of British Industrial Relations, p.8.

(3) See:- Brown, William; and Sisson, Keith : "Industrial Relations in the Next Decade" in Industrial Relations Journal.

(4) Taylor, Robert : Workers and the New Depression.

(5) Kibblewhite, Liz; and Rigby, Andy : Aberdeen and the General Strike.

(6) Moore, Robert : The Social Impact of Oil : The Case of Peterhead.

(7) Brown, William : op. cit., p.121.

(8) See:- (a) Ingham, Geoffrey : Size of Industrial Organizations and Worker Behaviour.

(b) H.M.S.O. : Report of the Committee of Enquiry on Small Firms.

(9) See:- (a) Curran, James; and Stanworth, J. : "Worker Involvement and Social relations in the small firm" in Sociological Review, No.27 (1979).

(b) Scott, Michael; and Rainnie, Alistair : "Beyond Bolton, Industrial Relations in the Small Firm" in Stanworth J. et al. (ed.), Perspectives on a Decade of Small Business Research.

(10) Owen, T. : The Manager and Industrial Relations, p.153.

(11) Edwards, P.K.; and Scullion, Hugh : The Social Organization of Industrial Conflict, pp.224, 254.

(12) Brown, William : op. cit., p.119.

(13) Ibid., p.8.

(14) H.M.S.O. : Report of the Committee of Enquiry on Trades Unions and Employers Associations (The Donovan Report) para.143-145.

CHAPTER 12 :- Offshore Drilling

(i) Background

Offshore drilling companies are contracted by the major oil companies to carry out the exploratory drilling for oil and gas reserves, and to provide specialist drilling services during the production phase. The drilling companies provide the specialist personnel, and, in most instances, the capital equipment (i.e. the drilling rig) required for these tasks. At the time of the survey there were approximately twenty offshore drilling companies operating in the British sector of the Northern North Sea, the majority being North American, with a minority of British and Norwegian owned companies.

It is in the oil drilling industry that the anti-union stance associated with management in oil related industries is most apparent; organised collective representation of the workforce is anathema to the individualistic approach and frontier spirit attitude cultivated by many managers (and indeed workers) in the industry.(1) Opposition to trade union recognition is also based on the generally held fear that unions would be a potentially disruptive influence in an environment where unplanned stoppages of operation are financially damaging (contract hire of a drilling rig in the North Sea peaked at a day rate of $100,000 in 1981)(2) and the anti-union attitude of some American oil drilling managers was further hardened by their experiences in the Gulf of Mexico oilfields, where organised crime was reportedly involved in trade union activity.

When drilling activity commenced in the North Sea in the early and mid-1970's, this anti-union attitude predominated, fuelled by the bad press at home and abroad for British industrial relations which culminated in the creation of the myth of the "British disease" of unending strike activity. The majority of oil drilling companies

operating in the North Sea were - and are - North American owned, and management in these companies have had to come to terms with British employment legislation which is regarded as inappropriate and a hindrance to efficient operation. One manager interviewed in the survey stated that "Expatriates [i.e. American managers] have some problems adapting to legislation, they find it unwieldy and constraining and have problems getting rid of people". However, these "problems" were clearly not insurmountable, for in the early years of offshore drilling activity, a number of American owned drilling companies were actively involved in preventing trade unions gaining recognition(3), and such statements as "If anyone goes out on strike on one of our rigs, we fly out a helicopter and sack them immediately"(4) were backed up by the promised action.

At the time of writing overt management action is less apparent, and is not required, because improved conditions and wages for offshore drilling workers, coupled with the impact of economic recession in limiting alternative employment, have curtailed demands for unionisation amongst offshore drilling workers, and weakened the position of trade unions which were attempting to gain recognition. However, it is debatable to what extent there has been a significant change in attitude to industrial relations amongst oil drilling management. A minority of drilling companies (British owned) do negotiate with trade unions, and in the Norwegian sector of the North Sea legislation has forced offshore drilling companies to recognise trade unions, but the majority of drilling company management, particularly those in American owned companies, remains fundamentally anti-union in attitude and robust in the treatment of the workforce. One British manager interviewed in the survey had previously worked for American drilling companies and was "shocked" at the way in which certain companies operated - "they make little effort to develop communications with the workforce, and are only interested in making as much money as possible for their shareholders".

Demand for the services of the drilling industry is subject to fluctuations which are unrelated to changes in the general economic climate. The price of oil, geological factors, and the variations in specifications of different rigs, can influence the level of demand for the services of a particular drilling company. At the time of the survey there had been a general increase in exploration activity and four of the five establishments reported that demand had increased. The fifth establishment had just commenced activity in the North Sea, and the interviewee was unable to comment on changes in the level of demand. The general increase in demand was not perceived as having an effect on industrial relations, other than in one establishment, where the interviewee detected an "increase in morale".

The examination of the oil drilling industry is of relevance as it provides the opportunity to compare the differing approaches to industrial relations adopted by management of different nationalities, operating in the same offshore environment.

(ii) The Establishments (see Table 12.1)

Five establishments in the offshore industry were examined in the survey. As with other offshore oil related industries the onshore "establishment" is only an administrative office. The bulk of the workforce lived and worked on the offshore drilling rigs.

The workforce size of three of the five establishments (A,C and D) was in the "medium" category (200-499); in establishment E the workforce size was "small" (1-199) and in establishment B the size was "large" (500-999).

(a) Employers Associations

None of the five establishments was a member of an employers association which negotiated with the trade unions - indeed no such body exists in the North Sea offshore drilling industry.

(b) C.B.I.

None of the five establishments reported membership of the C.B.I.

(c) Ownership and Control

Three of the establishments were foreign owned:- establishments B and E had head offices in the United States; and establishment A had a head office in Norway. Establishments C and D were British owned and controlled. All five were branch establishments of national or multinational specialist drilling companies, and the three interviewees who responded to the question of independence of action (B,C and E) indicated that the establishments had total or considerable independence of action from head office.

(iii) The Workforce (see Table 12.2)

(a) Composition

In the five establishments from the offshore drilling industry examined in the survey, the employment offshore:employment onshore ratio was approximately 9:1 (the actual percentage of workforce employed off shore varied from 89% to 95%). Offshore employers worked as "roustabouts" (general labourers), "roughnecks" (drilling labourers), assistant drillers, drillers, and installation managers (called "barge masters" on semi-submersible rigs); and in ancillary positions as medics, crane drivers and radio operators, etc. Onshore employees worked in managerial, administrative and clerical positions.

The majority of non-supervisory positions (i.e. "roughnecks", "roustabouts" and ancillary posts offshore, clerical and administrative posts onshore) were filled by British nationals (50/50 British and Norwegian in establishment A); managerial and supervisory posts were predominantly British filled in establishments C and D, Norwegian filled in establishment A, and American filled in establishments B and E, in accordance with the nationality of ownership.

Offshore employees normally worked a "two week on, two week off" shift system, enabling them to reside outwith the Grampian Region.

(b) Trade Union Membership

There was a marked contrast in the extent of trade union membership between the British owned drilling companies (establishments C and D), where membership was 100% amongst offshore employees, with closed shop agreements in operation, and the American and Norwegian owned companies (establishments A, B and E), where trade union membership was at an insignificant level.

The offshore employees of establishments C and D were members of the constituent trade unions of the British Seafarers Joint Council (N.U.S., R.E.O.U., M.N.A.O.A., A.U.E.W., M.M.S.A.). Collective bargaining between representatives of the B.S.J.C. trade unions and management was a feature of industrial relations at establishments C and D.

(c) Trade Union Organization and Workforce Representation

As with the other offshore oil related industries, trade union organization and representation of the workforce was hampered by the fact that, at any one time, one half of the workforce was geographically scattered at their places of residence, and the other half of the workforce was geographically isolated on an offshore installation. In such circumstances, as was the case in the offshore catering industry, the main burden of responsibility for leadership, representative duties and co-ordination of organization fell on the shoulders of onshore based full-time officials, with offshore based representatives of the workforce from establishments C and D operating in a subordinate role.

The importance of the role of full-time officials in the representation of the offshore workforces at establishments C and D is emphasised when it is noted that full-time officials had made regular monthly visits to establishment D, and five visits to establishment C, in the previous year.

In contrast to the negotiations between management and trade union representatives in the catering industry, which were conducted in

Aberdeen in association with the T.G.W.U. dominated Inter Union Offshore Oil Committee (I.U.O.O.C.), negotiations between the B.S.J.C. trade unions and management at establishments C and D were conducted in Edinburgh or London, without reference to the I.U.O.O.C. Indeed, a written agreement between management at establishment C, and the B.S.J.C. trade unions stipulated that negotiatory meetings would not be held in Aberdeen . One manager interviewed in the survey indicated that negotiations were conducted with the B.S.J.C. unions in preference to the T.G.W.U., but did not state why. An underlying reason for this preference may be that management perceived the T.G.W.U. as being the more militant trade union, and regarded the I.U.O.O.C. (dominated by the T.G.W.U.) as politically motivated and a potentially disruptive influence which should be excluded from negotiations - hence, perhaps, the choice of Edinburgh or London as the location for negotiations in preference to the more obvious choice of Aberdeen, which is the main area of influence, and centre of activity, of the I.U.O.O.C. The success of the N.U.S. in gaining negotiating rights, outwith the auspices of the I.U.O.O.C. was a damaging blow to that body and cast a shadow over inter union relations at the time.(5)

The extent of unionisation, and level of trade union organisation in the five establishments examined in the survey thus provides a varied pattern. Three establishments (A, B and E) were non-unionised and without elected worker representation, and two establishments (C and D) operating as closed shops, with 100% unionisation, and with representation of the workforce being based on representatives offshore and full-time officials located onshore. The varied pattern is repeated in the other offshore drilling companies operating in the North Sea which were not examined in the survey. The majority of firms - particularly those which are American owned - do not recognise trade unions, and operate with non-unionised workforces; a minority of British owned firms recognise trade unions, and operate with a closed shop agreement.

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 12.3)

(a) Absenteeism

Detailed statistics on absenteeism were not available from any of the five establishments, the reason being that, as with other industries in which the bulk of the workforce worked offshore, absenteeism was not a significant problem. Casual absenteeism is impossible - the worker cannot absent himself from the place of work (the offshore installation) without the knowledge and support of the employer, and unavailability for the designated flight to an installation at the commencement of a two-week shift offshore can be punished by instant dismissal.

(b) Labour Turnover

Labour turnover was not stated to be a significant problem by any of the five interviewees. Two interviewees, at establishments C and E stated that turnover was respectively "very low", and "small"; at the other three establishments, annual turnover rates varying between 6% and 20% per annum were reported.

The interviewee at establishment C stated that turnover had "declined due to economic factors" - an indication that a reduction in the prospects of alternative employment had an impact on leaving rates.

(c) Industrial Action

There were only two minor occurrences of industrial action reported in the five establishments. At establishment B the non-unionised, unrepresented workforce had drawn up a petition asking for a pay rise, and submitted this to management (such an occurrence hardly merits the description "industrial action"). At establishment D there had been a single work-to-rule "over a minor dispute".

The lack of industrial action in non-unionised establishments A, B and E is unremarkable; the similarly insignificant level of industrial

action in unionised establishments C and D gives credence, from a management standpoint, to the decision to negotiate with a group of unions perceived to be less militant than possible alternatives (e.g. compare industrial action in the offshore drilling industry with the level of industrial action in the T.G.W.U. dominated offshore catering industry).

It is of interest to note that establishments A and E had been affected by strike activity in the Norwegian sector of the North Sea - indeed establishment A, which employed a non-unionised workforce and avoided negotiation in the British sector, employed, and negotiated with, a unionised workforce in the Norwegian sector, and had experienced a month long stoppage of work.

The problems of co-ordination of effort and communication of intent which had severely hampered the conduct of industrial action in the offshore catering industry were not apparent in the offshore drilling industry, for the simple reason that no serious industrial action had been attempted - indeed such action would be even less likely to succeed in the offshore drilling industry, where the percentage of the total workforce which is unionised, and represented by trade unions, is at a significantly lower level.

(v) Management and Industrial Relations

(a) Management Organization (see Table 12.4)

The size of the onshore managerial and supervisory staff in comparison to the total workforce size was broadly similar in the five establishments, varying from 2% - 5%. However, the overall figure for management and supervisory staff onshore and offshore, reported in establishments B and D, was significantly higher, at 25% and 8%, respectively.

No explanation was given for the markedly high ratio of total management and supervisory staff to total workforce size at establishment B,

the answer may lie in a difference in interpretation of the designation of supervisory staff, for the ratio of onshore management to total workforce in establishment B was comparable to the ratio in the other establishments. When it is noted that no less than 40 of the total reported managerial and supervisory staff of 140 in establishment B were stated to have a specific responsibility for industrial relations, the conclusion which can be drawn is that a large number of offshore workers were designated as supervisory staff, and had some responsibility for industrial relations in their particular work environment - the figure of 40 out of 140 is somewhat misleading, as overall responsibility for industrial relations was retained by onshore based management, although a measure of control of "day-to-day" industrial relations was inevitably devolved.

In establishments A, C and D, the number of managers with specific responsibility for industrial relations was indicated to be four, and one respectively; in establishment E no manager had specific responsibility for establishment industrial relations. Establishments B, C and D employed personnel/industrial relations specialists, and provided industrial relations orientated training courses for line management (internal courses at establishments B and D, external courses at establishment C).

The features of management described above, and the variations in these features, indicate that three distinctive methods of control of, and communication with, the workforce were adopted by management in the five offshore drilling establishments examined in the survey.

In establishments A and E, where the workforce was non-unionised and unrepresented, management made no commitment, in terms of employing industrial relations specialists or providing training, to developing industrial relations expertise; neither was there any attempt to create alternative formal channels of communication with the workforce, as a collective group, or as individuals. Noticeboards and spoken

information at meetings were the tools of communication.

In establishment B, the workforce was non-unionised and not represented collectively. Specialist industrial relations/personnel management were employed, and industrial relations orientated training courses were in operation. A significant number of managers and supervisors had some degree of responsibility for industrial relations. The relationship with the workforce, as individuals, was formal - formal meetings with individual workers, and a formal grievance procedure, were utilised, coupled with the dissemination of information by letter, noticeboard and the spoken word.

In establishments C and D, the workforce was unionised and represented collectively by trade union officials. Management in both establishments received training in industrial relations matters, and personnel/industrial relations specialists were employed in the management team. The relationship between management and workforce in both establishments was on a formal basis, backed by written procedures and detailed in a comprehensive written agreement to which management and representatives of the appropriate trade unions were signatories. The problems of conducting formal, negotiation based industrial relations in the offshore environment were surmounted in a similar manner to the approach adopted by management and trade unions in the offshore catering industry - negotiation and discussion was conducted onshore in irregular formal meetings, with full-time trade union officials providing significant support.

The variations in the methods of control and communication adopted by management in the five offshore drilling establishments will be reflected, in the next section, in the category of management style attributed to each management.

(b) Management Style (see Table 12.5)

Direct comparison of the variations in approach to individual relations adopted by management in the five offshore drilling establishments

examined in the survey can be achieved by identifying the category of management style evident in each establishment. Drawing on the information examined in previous sections to provide indicators and correlates, the management style in each establishment can be categorised as follows:-

Establishments A, E - "Autocratic"

The autocratic management style, based on an informed non-negotiating relationship with the workforce as individuals, was clearly evident in establishments A and E. In both establishments a small number of onshore based management retained control, and there was no evidence of a formally based relationship with the workforce; neither was there specialist personnel/industrial relations expertise in the management team. The workforce was non-unionised, and in establishment E management was overtly opposed to recognition of trade unions (When asked what the response to trade union demands for recognition would be, the interviewee replied,"We'd pull the rig out of the country if unions asked in".). Both establishments were owned by foreign companies, establishment A was "medium" sized, establishment E was "small" sized.

Establishment B - "Sophisticated Paternalistic"

The characteristics of a sophisticated paternalistic management style - non-unionised workforce, a non-negotiating formal relationship with the workforce as individuals, considerable commitment to developing industrial relations expertise in terms of training, the employment of specialists, and the involvement of a large number of managers and supervisors in industrial relations matters - were all evident in the establishment. The establishment was "large" sized, and owned by a North American company.

Establishments C,D - "Functional Negotiatory"

The functional negotiatory management style, based on a formal, negotiating relationship with a unionised workforce represented by trade

union officials was evident in establishments C and D. In both establishments specialist industrial relations/personnel managers were employed, and industrial relations training given to management. The formal, if irregular, meetings between representatives of management and the unionised workforce is perhaps as developed a formal negotiating relationship as is possible in the particular circumstances of the conduct of industrial relations with an offshore based workforce. Both establishments were "medium" sized and British owned.

In each of the five establishments, the indicators of management style which were present clearly delineated one specific category of management style; a direct relationship between the specified category of management style and the correlates of management style in the five establishments was also evident, if less clearly defined. A direct relationship between management style and establishment ownership was evident - the two British owned companies recognised and negotiated with trade unions, whilst the three foreign owned companies did not recognise trade unions and did not negotiate with the workforce - and the workforce sizes in the five establishments correlated with the identified management styles - autocratic style (establishments A and E) with "small" and "medium" sizes, functional negotiating style with "medium" size, and sophisticated paternalistic with "large" size - but the atypical, offshore location of the work common to all five establishments prevented the examination of any correlation between variations in establishment location and management style.

(vi) Management and Collective Bargaining (see Table 12.6)

(a) Levels and Scope of Bargaining

A similar scope of bargaining coverage was evident in the two establishments (C and D) which negotiated with trade unions; in both cases negotiations were at company level.

The scope of bargaining in both establishments was similar - pay, hours (hours of work were not negotiable as such, as a twelve-hour shift was operated, but holidays, and the number of shifts worked per annum were negotiable), discipline, working conditions and health and safety were stated to be negotiable in both establishments, and welfare was stated to be negotiable at establishment C. Neither interviewee indicated that the scope of bargaining had increased in the last few years; interviewee C stated that bargaining activity had remained at a steady level, whereas interviewee D remarked that bargaining activity had "decreased in the last twelve months due to better organization".

(b) Management Style and Collective Bargaining

The functional negotiatory management style identified in establishments C and D corresponds directly with the wide scope of bargaining reported in each establishment; similarly, the absence of negotiable issues in establishments A, B and E corresponds with the non-negotiatory autocratic and sophisticated paternalistic styles defined in those establishments.

(c) Management Attitudes to Collective Bargaining

The interviewees at the establishments where collective bargaining occurred (establishments C and D) appeared satisfied with the system of bargaining arrangements, which entailed negotiation occurring at company headquarters, rather than at establishment level. Neither interviewee expressed a wish to see any changes in the scope of bargaining, and one of the interviewees voiced his approval of the system of negotiation by stating that such an arrangement ensured there was "no hassle in establishment industrial relations and indicated that there was a "very good" relationship between management and workforce representatives.

In the establishments which did not recognise, or negotiate with, trade unions (establishments A, B and E) both interviewees B and E expressed misgivings about, or opposition to, the prospect of trade union recognition. Interviewee E, as was previously stated, indicated that trade union recognition would lead to the company withdrawing from North Sea operations, and interviewee B indicated that trade union recognition would be "highly detrimental" to communication between management and the workforce.

The examination of management style and collective bargaining in the offshore drilling industry has revealed that there is considerable variation in the approach to industrial relations adopted by different managements in the industry, and has underlined the polarisation of attitudes towards the recognition of trade unions which exists in the industry.

Oil Drilling : Footnotes

(1) See "Keeping the Unions off the Rigs" : Aberdeen Peoples Press, 22nd April, 1974.

(2) Scottish Petroleum Annual, 1982 : p.100.

(3) W.G. Carson : The Other Price of Britain's Oil, pp.211-217.

(4) Aberdeen Peoples Press, May, 1975, No.47.

(5) W.G. Carson : op. cit., p.214

TABLE 12.1 Establishment Information (Offshore Drilling)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?	C.B.I.?	LOCATION OF HEAD OFFICE
A	"medium"	-	NO	Norway
B	"large"	-	NO	United States
C	"medium"	-	NO	GB
D	"medium"	-	NO	GB
E	"small"	-	NO	United States

TABLE 12.2 :Workforce Representation (Offshore Drilling)

ESTABLISHMENT	TRADE UNIONS	T.U. DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	-	-	None	-
B	-	-	None	-
C	NUS	100%	Elected workforce representatives - irregular formal meetings with management.	5
D	NUS	100%	Elected workforce representatives -- irregular formal meetings with management.	12
E	-	-	None	-

TABLE 12.3: Absenteeism, Labour tunover and Industrial action (Offshore Catering)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (annual)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	?	6%	-	-	-	-	-	-
B	?	15%	-	-	-	-	-	X*
C	?	"v.low"	-	-	-	-	-	-
D	?	20%	-	-	-	-	X	-
E	?	"small"	-	-	-	-	-	-

* petition requesting wage increase.

TABLE 12.4: Management Organisation (Offshore Drilling)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?	I.R. TRAINING FOR MANAGEMENT?
A	2%	NO	NO
B	5% (25%)*	YES	YES
C	3%	YES	YES
D	3% (8%)*	YES	YES
E	4%	NO	NO

* figures in brackets include offshore management.

TABLE 12.5 : Management Style(Offshore Drilling)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE
A	"medium"	-	NO	Informal,one-to-one.
B	"large"	-	NO	Formal,one-to-one.
C	"medium"	100%	YES	Irregular formal meetings with elected workforce representatives and full time official.
D	"medium"	100%	YES	Irregular formal meetings with elected workforce representatives and full time official.
E	"small"	-	NO	Informal,one-to-one.

PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
NO	NO	"Autocratic"
YES	YES	"Sohisticated Paternalist"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
NO	NO	"Autocratic"

TABLE 12.6:Management Style and Collective Bargaining.(Offshore Drilling)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Autocratic	-	-	-	-	-	-	-	-	-
B	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
C	Functional Negotiatory	C	C*	C	C	C	-	-	C	-
D	Functional Negotiatory	C	C*	C	C	C	-	-	-	-
E	Autocratic	-	-	-	-	-	-	-	-	-

* see text

E = Establishment level

C = Company level

N = National level

CHAPTER 13 :- Offshore Catering

(i) Background

The offshore catering industry is based on the supply of contract labour to oil exploration and drilling companies; the employees of offshore catering companies function in a catering, stewarding, laundry and janitorial capacity on offshore oil and gas installations. At the time of the survey there were nine offshore catering companies based in Aberdeen, providing services for the North Sea oil industry.

Initially, the Aberdeen based offshore catering companies were opposed to trade union recognition and did not negotiate with their employees, but within the space of a few years in the late 1970's most companies granted recognition and negotiating rights to the TGWU and the NUS. The underlying reason for the widespread adoption of collective bargaining in the industry was the recognition, by management in the catering companies, of the need to regulate and stabilise wage rates and reduce labour turnover in a highly competitive contract labour market where the ratio of labour costs to overall costs was high. (All five companies included in the survey indicated that labour costs amounted to +50% of total costs.) The recognition of trade unions and the adoption of collective bargaining as a means of achieving stability of labour force and wage rates is a feature of some labour intensive industries.(1) Beaumont and Gregory, for example, noted that

"employers will be positively motivated to extend collective agreement coverage to a non or partially unionised workforce..... in labour intensive industries where wages constitute a relatively high proportion of value added". (2)

The espousal of collective bargaining by the offshore catering industry was not primarily a result of trade union pressure. (It is unlikely that trade union pressure alone can achieve recognition

and negotiating rights in any offshore industry, due to the particular industry related problems of organisation and communication which hamper trade union activity) but was related to the economic and labour market conditions under which the industry operated.

A factor of particular significance in causing the offshore catering companies to adopt collective bargaining was the pressure exerted on them by the major oil exploration production and drilling companies to standardise wage rates and hence standarise contract fees. This pressure led to the founding of the Catering Offshore Trade Association, the employers association of the Aberdeen based offshore catering companies. (One trade union official interviewed in the survey commented that the formation of C.O.T.A. had been "forced" on the catering companies by the major oil companies.) The freedom of action of the oil catering companies is considerably restricted by their dependence on gaining contracts from the major oil companies. (An offshore catering managed interviewed in the survey commented that catering companies "are sub-contractors to major oil companies and have to bide by oil company directives") and it is ironic that pressure from the major oil companies, who are traditionally opposed to trade union recognition, was indirectly responsible for collective bargaining being adopted in another sector of the offshore oil industry.

The offshore catering companies, in common with many sub-contract labour companies, can experience severe fluctuations in demand for services. Such fluctuations are indicated by the fact that at the time of the survey two of the companies incorporated in the survey were experiencing an increase in demand for services, two companies reported a static demand for their services, and one company indicated that demand for services had declined and a redundancy scheme had been implemented. These fluctuations in demand were not directly related

to the vagaries of economic recession, from which the oil related industries are, to an extent, sheltered, but rather indicate the effect on company finances of the securing of an additional contract or loss of a standing contract.

There is an apparent link between the demand for services of the catering companies and the state of industrial relations within each company. Managers at the three companies experiencing changes in demand for services each indicated that the general climate of industrial relations within the company had been affected - one manager stated that "morale lifted when a new contract was gained, so there were less [industrial relations] problems".(1) Fluctuations in the establishment level industrial relations climate is likely to be a particular feature of companies providing sub-contract unionised labour in a highly competitive market where workforce morale and union demands will reflect the prevailing economic circumstances of the company.

The examination of the offshore catering industry is of particular relevance to the study as it provides an example of a labour intensive industry with a mainly unionised workforce in which - unusually for an oil related industry - collective bargaining is widely utilised as the basis of industrial relations.

(ii) The Establishments (see Table 13.1)

Five establishments in the offshore catering industry were examined.("Establishment" in physical terms in the context of the offshore catering industry means little more than a small administrative office. The offshore catering workers live, eat, and work on the offshore installations.) The offices of all five companies were located in Aberdeen.

The workforce size of all five companies was in the medium (200- 499)category; in numerical terms the size varied from 295 to 400.

(a) Employers Association

All five establishments examined in the survey were members of the Catering Offshore Trades Association (C.O.T.A.), which is the representative body of the nine offshore catering companies based in Aberdeen.

Size of these nine companies negotate with the TGWU and NUS (five of the six companies negotiating as a group) and the other four companies normally follow the guidelines set down during these negotiations. The outcome of this fragmented negotiating arrangement is that the nine companies, although all members of the same employers association, are bound together by little more than a "gentleman's agreement" and exhibit contrasting approaches to industrial relations - for example,some of the catering companies recognise trade unions, but a minority do not. (One catering company - an American multi-national - contacted during the fieldwork for the study refused to participate in the survey, a spokesman stating that there were "industrial relations problems at the moment". The company does not recognise trade unions, and its "autocratic" management style had gained the company a "bad press" locally because of allegations of harsh treatment of foreign workers.)(3)

The five companies examined in the survey all negotiated with trade unions. Establishments B,C,D and E negotiated as a group along with a fifth company, and establishment A negotiated separately and independently.

(b) C.B.I.

Only one interviewee - at establishment E - indicated that

his establishment was a member of the C.B.I.

(c) Ownership and Control

There was a considerable variation in the pattern of ownership and control of the five catering companies. One establishment (E) was independent, being locally owned and controlled. Two establishments (B and C) were branch companies of British based general catering companies, and the fourth and fifth establishments were branch companies of multinational enterprises, one with head office in France (establishment A) and one with a head office in America (establishment D. The interviewee stated the head office was in England - this address proved to be a holding company of an American multinational conglomerate). Due to the geographical location and the specialist nature of the services provided, the establishments are basically self-contained units, and considerable independence of action was exercised in day-to-day industrial relations matters. (The only interviewee who did not report considerable or total independence of action in industrial relations was at establishment B. This company provides specialist catering services for other industries in Scotland, and the head office is located comparatively near to Aberdeen, in another Scottish city). It is significant, however, that at the time of the annual negotiations with the trade unions - when financial matters were involved - the personnel managers from the head offices of establishments B and C were directly and personally involved in the negotiations.

(iii) The Workforce (see Table 13.2)

(a) Composition

As with all offshore, oil-related industries, there is a distinct separation of function between onshore- and offshore-based employees. In the five establishments from the offshore

catering industry examined in the survey the employment offshore: employment onshore ratio was approximately 9:1, with 90% of the total employment of each company working on offshore installations (no female workers are employed offshore), the majority as stewards, and 10% of employees working onshore in managerial, clerical and secretarial positions. Employees in the five establishments were predominantly British in nationality.

The offshore employees normally work the "fourteen days on, fourteen days off" shift pattern, which enables them to reside out-with the Grampian Region.

(b) Trade Union Membership

The number of employees in the five establishments who were members of trade unions varied from 25% - 65% in terms of the percentage of total employment. Trade union membership was confined to the offshore employees; this represents a significant level of trade union membership for an offshore oil related industry.

The majority of unionised workers in each establishment were members of the TGWU, with an additional minority being members of the NUS. Collective bargaining between trade union representatives and management representatives was a feature of the industrial relations of all five establishments.

(c) Trade Union Organization and Workforce Representation

As in all offshore related industries, trade union organization was hampered by the problems involved in representing union members working on a number of isolated offshore installations, and living at locations scattered throughout the United Kingdom (see also sections on industrial action and management organization).

These problems were partially circumvented by the development of a "two tier" system of workforce representation, with elected shop stewards on each installation representing the workforce on that installation, and onshore full-time officials of the TGWU and NUS (members of the Inter Union Offshore Oil Committee) organising and representing the workforce as a whole, as well as providing support for representatives from individual installations as and when required. The shortcomings of this system, which entailed a heavy work-load for full-time trade union officials who had other responsibilities and who did not have direct access to the majority of the workforce, were most tellingly seen during the events of the 1979 offshore catering strike (see next section).

The importance of the role of the onshore full-time trade union officials is emphasised when it is noted that each establishment had received a number of visits from the TGWU official in the previous year, apart from at the time of annual negotiations. The fact that the TGWU normally emphasises the role of establishment representatives, and attempts to limit the role of the full-time official[4] adds significance to these reported visits.

At the time of the annual negotiations the full-time officials of the TGWU and the NUS also served a central role. The workforce at the five offshore catering establishments which negotiated as a group (including establishments B,C,D and E examined in this survey) were represented by a negotiating group comprising the two full-time officials and a shop steward from each of the five companies. The full-time officials were also involved at the annual negotiations at establishment A, which negotiated independently.

The foundation of trade union organization in the offshore catering industry lay in the role played by full-time official

located onshore. Without him, trade union representation of a geographically scattered workforce would have been fragmented and unco-ordinated.

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 13.3)

(a) Absenteeism

Statistics on absenteeism were not available from any of the five establishments. This is unsurprising, for in the offshore catering industry, as in all offshore related industries, absenteeism is not a significant factor.

The main reason for the insignificant rate of absenteeism is the preventative effect of the work environment. The workforce is "captive", living and sleeping at a place of work - the offshore installation - from which workers cannot absent themselves without the authority and complicity of the employer. An additional measure to prevent absenteeism is incorporated in the contract of employment of catering company employees which stipulates that if a worker misses the "crew change" - the helicopter flight to the offshore installation at the commencement of the fourteen day work shift - he can be subject to instant dismissal.

(b) Labour Turnover

Long hours of work in unpleasant conditions for poor pay had created extremely high rates of labour turnover in the offshore catering industry in the early years of North Sea oil exploration. Two of the managers interviewed in the course of the survey stated that labour turnover had reached levels of 150% per annum and 300% per annum in the early 1970's.

The improvements in pay and conditions achieved after trade union recognition, and the "tightening"of the labour market due to economic recession significantly reduced labour turnover, which at

the time of the survey in 1981 was reported as varying between 8½% and 30% per annum in the five offshore catering establishments. (It was not possible to obtain relevant monthly statistics). The higher rate of turnover in establishment C (30%) can be partially explained by the redundancies carried out by that company; the variations in labour turnover between the different establishments indicated by the statistics for the different establishments cannot be readily explained.

(c) Industrial Action

Four of the five establishments (establishments B, C, D and E) were effected by the 1979 offshore catering strike; aside from this incident the only other reported occurrences of industrial action were a "minor" work to rule at establishment E (no details were given) and a "threatened" strike in 1981 which occurred during the annual negotiations. (This "threat to strike" affected the four establishments B,C,D and E which negotiated as a group, but was only reported by interviewees B and C because the negotiations and threatened strike occurred after interviewees D and E had been questioned in the survey).

The 1979 offshore catering strike merits close examination due to the implications this action has for offshore trade union activity and industrial action in the North Sea. The strike occurred during the annual negotiations between the five catering companies and the I.U.O.O.C. trade unions (NUS and TGWU) in July, 1979. The dispute arose because the oil catering companies would not meet union demands for a pay increase; the underlying factor behind this refusal were the fears of the major oil exploration production and drilling companies that to accede to trade union demands would encourage claims for a similar level of wage increase throughout the offshore

oil industry - hence considerable pressure was exerted on the catering companies not to meet trade union demands.(5) The "T-bone strike" as it was labelled by the local press ended after three weeks of protracted dispute without any of the demanded increase in wages being paid to the workforce (some fringe benefits were achieved).

The reason for the ultimate failure of the trade union action stems directly from the problems connected with organising and representing an offshore workforce. The trade unions were hampered by problems of co-ordination of effort and communication of intent.

The necessity for onshore based co-ordination of trade union activity in the offshore oil industry was the raison d'etre for the formation of the I.U.O.O.C. In the event, the offshore catering strike indicated that in this role the I.U.O.O.C. could be only partially successful, due to lack of commitment amongst sections of the workforce. For example, although progress was made in widening the horizons of the dispute (e.g., the support of Dutch seamen's unions was gained)(6), the support of sections of the workforce central to the dispute was not gained (e.g., Aberdeen dockers refused to "black" offshore oil related supplies and transport).(7) Furthermore, not all catering workers supported the strike call, (The trade union claim was that 800 workers were on strike, the employer claim was 500. Total involved workforce was 1100) and although picketing at Aberdeen Airport met with some success, this was circumvented by transporting workers offshore from smaller airports in the North East.(8)

Whereas co-ordination of effort was undermined by a lack of commitment, communication of intent was hampered by the logistical problems created by dealing with a scattered workforce. The TGWU and NUS admitted it was impossible to consult with all the workforce prior to the withdrawal of labour,(9) and problems of communication

were also evident at the end of the dispute. Glasgow district members of the TGWU involved in the strike complained to the union head office about the conduct of full-time union officials based in Aberdeen who had called off the strike without proper consultation.(10) Thus, both the commencement of the strike and its ending were undertaken without proper consultation of the workforce - not for any sinister motive, but rather because the workforce was geographically dispersed throughout the country.

At the time of writing, the offshore catering strike is the most significant occurrence of industrial action which has taken place in the British sector of the North Sea oilfields, both in terms of the length of stoppage and the number of groups of workers who were involved in the stoppage. The events of the strike underlined the fact that some offshore workers were willing to support industrial action but that others were equally willing to undermine the effect of stoppage by continuing to work.

The failure of the strike, and the shortcomings in trade union communication and co-ordination which were evident during its three week existence indicate that industrial action is unlikely to succeed in the offshore environment unless a greater percentage of the offshore workforce is unionised and committed to union objectives.

(v) Management and Industrial Relations

(a) Management Organisation (see Table 13.4)

The size of management and supervisory staff to total workforce size was similar in establishments A,B,C and E, (varying between 7.8% and 11.8%) and markedly higher in establishment D (a ratio of 18.2%). The explanation for the higher ratio of management and supervisory staff in establishment D lies in a difference in definition of "supervisory" staff, for although establishment D employed approximately the same number of offshore employees as the other four establishments, the interviewee indicated that a far greater number of these workers were classified as "supervisory".

In all five establishments management was organised on a two tier system, with a group of managers located in and working from the Aberdeen office, and the supervisory staff working on the offshore installations. Specific responsibility for industrial relations was retained by a small group (1 - 5) of onshore based management, with responsibility for day-to-day matters being held by the offshore based supervisors.

Industrial relations training was given to management at four of the five establishments (A,B, D and E) and at the fifth such training was about to commence at the time of the survey.

The problems of communicating with employees working offshore and employees residing at home during the two week "off" shift were less marked for the employers than for the Trade Unions. (One manager stated "I have not praised our communications particularly but this is only because we deal with workgroups who come together for a fourteen day working period and then disperse to their homes throughout England and Scotland. The problems are even greater for shop stewards than for managers".) The employers had direct access

to the lines of communication offshore (helicopters, radio-telephone) and hence close contact could be maintained between offshore and onshore management and supervisors. All five interviewees also reported making use of postal letters and noticeboards for disseminating information to the workforce.

Offshore supervisors were in direct contact with the workforce 24 hours a day, 7 days a week, and this close relationship was underpinned by a formal grievance procedure (reported in all five establishments) and by formal, if irregular, meetings between management and elected worker representatives.

The relationship based on formal negotiation and communication between management, workforce representatives and the workforce in the offshore catering industry is perhaps as developed as is possible in the unusual circumstances in which industrial relations is conducted in the offshore environment; certainly in comparison to the other offshore industries examined in the survey the catering establishments reported a uniformly high level of development of formal industrial relations based on negotiation and communication between management and trade union representatives.

(b) Management Style (see Table 13.5)

The broad similarity in the indicators of management style in each establishment can be partially explained by the fact that all five companies were members of a small, locally based employers association - common membership of such an association would have a standardising effect on establishment level industrial relations.

The relationship between management and the workforce was based on formal irregular meetings between elected worker representatives and management, and management was committed todeveloping industrial expertise - both by employing personnel specialists and by training

line management in industrial relations techniques.

Taking the above factors into consideration, and allowing for the logistical difficulties involved in conducting a formal negotiating relationship in the offshore environment, it is possible to categorise the management style in all five establishments, as follows:-

Establishment A : "Functional Negotiatory"

Establishment B : "Functional Negotiatory"

Establishment C : "Functional Negotiatory"

Establishment D : "Functional Negotiatory"

Establishment E : "Functional Negotiatory"

The functional negotiatory management style identified in each of the five establishments is distinguished by the commitment shown by management to formal negotiatory industrial relations, in an environment in which such a relationship is difficult to develop and sustain.

The similarity of management style in the five establishments correlated with a similar size of workforce ("medium") in each establishment, and the offshore location of operations was also common to the five establishments (if not directly relevant to either of the two alternative locations of establishment - rural or urban - hypothesised in the chapter on Management Style and Collective Bargaining). The apparent lack of correlation between the common functional negotiatory management style and the variation in the pattern of ownership (locally owned, British owned, French owned, American owned) is explicable when account is taken of both the independence of action reported by the five establishments and the standardising effect of common membership of C.O.T.A. In the five offshore catering establishments examined in the survey the effect on

industrial relations of the nature of ownership was subordinate to the impact of the operational requirements of the industry which had stimulated the creation of C.O.T.A.

(vi) Management and Collective Bargaining (see Table 13.6)

(a) Levels and Scope of Bargaining

A broadly similar range of issues was covered by collective bargaining in the five offshore catering establishments examined in the survey. Pay, hours of work, discipline, working conditions, and welfare were viewed as negotiable by the interviewees in the four establishments negotiating as a group (establishments B,C,D and E) and in the establishment negotiating independently (establishment A). (It should be noted that the extent of negotiation over hours of work was limited by the necessity of twelve hour, fourteen day shifts. Negotiations on hours of work was restricted to the subjects of over-time and the number of shifts worked in a year). The issue of redundancy was viewed as negotiable in four establishments (A,B,C and D); the issue of work organisation was subject to negotiation in two establishments (A and B).

There was not a marked difference in the extent of issues negotiated in the five establishments, either within the group of four establishments which negotiated together, or between this group and the establishment which negotiated independently. The similarity in the range of issues negotiated in the five establishments can be explained by the standardising effect of common membership of C.O.T.A. and by the fact that negotiations were carried out with a common group of trade unions and trade union officials.

The general consensus of opinion amongst the five interviewees was that the scope of bargaining had increased in the previous few years, from an initial period when negotiations were mainly pay orientated to the more comprehensive range of issues indicated as subject to negotiation at the time of the survey. This increase in the range of issues had also been accompanied by an increase in the

level of bargaining activity.

(b) Management Style and Collective Bargaining

The management style in each of the five offshore catering establishments was defined as "functional negotiatory", which closely corresponds to the extensive or comprehensive range of issues which were regarded as being subject to negotiation in the five establishments.

(c) Management Attitudes to Collective Bargaining

The attitude of the interviewees to collective bargaining was one of general, if not markedly enthusiastic, approval.

There was general agreement that the introduction of collective bargaining had aided in reducing labour turnover and stabilising wage rates ("It's unified pay scales..... there's more bargaining power for the workforce but the situation has been cleaned up") and agreement from the four interviewees at establishments which negotiated as a group that this negotiation was useful. Similarly, interviewee A, at the establishment which negotiated independently, was also apparently satisfied with this style of negotiating, for he indicated that he preferred to negotiate all agreements at establishment level. Only one interviewee (at establishment E) indicated a desire for change in the range of style of bargaining, and this was merely to express a desire for "more rapid" negotiations. None of the interviewees expressed any negative feelings towards the role of trade union representatives or shop stewards (Positive feelings were similarly lacking).

Management attitude to collective bargaining can be best summarised as a general, if lukewarm, support for the status quo.

Collective bargaining is more widespread in the offshore catering

industry than in any other sector of the offshore oil industry. The fact that collective bargaining is prevalent, with management adopting a "functional negotiatory" approach to industrial relations, represents primarily the wishes of management and is not a situation which owes much, if anything, to trade union pressure.

Offshore Catering : Footnotes

(1) See Flanders, Alan : "Collective Bargaining. A Theoretical Analysis". British Journal of Industrial Relations, Vol. 16, No.1 (March, 1968).

Bain, G.S. and Elsheikh, F. : "An Inter-Industry Analysis of Unionisation in Britain". British Journal of Industrial Relations, Vol.17, No.2 (July, 1979).

(2) Beaumont, Phil and Gregory, Mary : "The Role of the Employer in Collective Bargaining". Industrial Relations Journal, Vol.11, No.5 (November/December, 1980); p.49.

(3) Aberdeen Press and Journal : 11th February, 1981.

(4) See Udny, R. : The Devolution of Bargaining Levels and Responsibilities in the TGWU 1965-75". Industrial Relations Journal, Vol. 9, No.3

(5) Aberdeen Press and Journal : 28th August, 1979.

(6) Aberdeen Press and Journal : 6th August, 1979.

(7) Aberdeen Evening Express : 31st July, 1979.

(8) Aberdeen Press and Journal : 11th August, 1979.

(9) Aberdeen Press and Journal : 3rd August, 1979.

(10) Aberdeen Press and Journal : 18th August, 1979.

TABLE 13.2 :Workforce Representation (Offshore Catering)

ESTABLISHMENT	TRADE UNIONS	T.U. DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	TGWU NUS	25%	Elected workforce representatives - irregular formal meetings with management.	4
B	TGWU NUS	65%	Elected workforce representatives - irregular formal meetings with management.	4
C	TGWU NUS	50%	Elected workforce representatives - irregular formal meetings with management.	1+
D	TGWU NUS	25%	Elected workforce representatives - irregular formal meetings with management.	6
E	TGWU NUS	?	Elected workforce representatives - irregular formal meetings with management.	"numerous"

TABLE 13.1 Establishment Information (Offshore Catering)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?
A	"medium"	COTA
B	"medium"	COTA
C	"medium"	COTA
D	"medium"	COTA
E	"medium"	COTA

C.B.I.?	LOCATION OF HEAD OFFICE
NO	France
NO	Sco
NO	GB
NO	United States
YES	local

TABLE 13.3 :Absenteeism,Labour tunover and Industrial action(Of

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (annual)	NATIONAL STRIKE?	LOCAL STRIKE?
A	?	22%	-	-
B	?	15%	X *	-
C	?	30%	X*	-
D	?	13%	X*	-
E	?	8.5%	X*	-

* national only insofar as it affected companies. See text for details.

ffshore Catering)

THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
-	-	-	-
X	-	-	-
X	-	-	-
X	-	-	-
X	-	X	-

a number of Aberdeen based offshore catering

TABLE 13.4:Management Organisation(Offshore Catering)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?
A	7.8%	YES
B	10.6%	YES
C	10%	YES
D	13.2%	YES
E	11.8%	YES

* see text

I.R. TRAINING FOR MANAGEMENT?
YES
YES
YES*
YES
YES

TABLE 13.5 : Management Style(Offshore Catering)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE
A	"medium"	25%	YES	Irregular formal meetings with elected workforce representatives and full time officials.
B	"medium"	65%	YES	Irregular formal meetings with elected workforce representatives and full time officials.
C	"medium"	50%	YES	Irregular formal meetings with elected workforce representatives and full time officials.
D	"medium"	25%	YES	Irregular formal meetings with elected workforce representatives and full time officials.
E	"medium"	?	YES	Irregular formal meetings with elected workforce representatives and full time officials.

PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"
YES	YES	"Functional Negotiatory"

TABLE 13.6 :Management Style and Collective Bargaining.(Offshore Catering)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Functional Negotiatory	E	E	E	E	E	E	E	E	-
B	Functional Negotiatory	N	N,E	E	N,E	E	E	E	E	-
C	Functional Negotiatory	N	N,E	E	N,E	E	E	-	E	-
D	Functional Negotiatory	N	N,E	E	N,E	E	E	-	E	-
E	Functional Negotiatory	N	N,E	E	N,E	E	-	-	E	-

E = Establishment level

C = Company level

N = National level(refers to group negotiation of five Aberdeen based companies)

CHAPTER 14 :- Oil Production & Exploration

(i) Background

The oil exploration and production companies operate at the heart of the oil industry, initiating exploration for oil and gas reserves, undertaking production at financially viable oil-wells, and, in some cases, refining and marketing the finished oil and petroleum based products. At the time of writing there were approximately twenty-five oil production companies operating in the British sector of the North Sea, the largest of which (primarily, The "Seven Sisters")(1) are multinational companies with considerable economic power and political influence.

The accepted opinion is that the majority of oil production companies are inherently opposed to negotiating with trade unions; the situation in the North Sea does little to undermine this standpoint. One commentator noted that "the attitude of the [oil] companies towards the unions..... has been one of definite non-co-operation"(2) In contrast to some of the offshore drilling companies, offshore catering companies and offshore service and engineering companies, which have followed an overt anti-union line, the methods used by the major oil production companies to prevent trade unions gaining negotiation rights have been covert and more circumspect.

The oil production companies (which are aware of the necessity of creating the correct public image) are anxious to appear neutral, rather than negative in their attitude to trade unions, and through the medium of their representative body, the United Kingdom Offshore Operators Association (UKOOA), the oil production companies have entered into dialogue with the Inter Union Offshore Oil Committee (IUOOC). This has culminated in the 1970 Memorandum of Understanding for Access, by which trade union officials are allowed access to offshore installations. However, this limited recognition of trade unions does not represent a fundamental change of industrial relations policy for the oil production

companies who continue to operate, with one or two exceptions, a non negotiatory approach to industrial relations, secure in the knowledge that both the selective recruitment practices[3] utilised by the companies, including the use of a "black list" of trade union activists and other undesirables,(the existence of which was acknowledged by one of the managers interviewed in the survey) and the comparatively good pay and conditions enjoyed by most oil production company employees are major factors in pre-empting and counteracting trade union activity to secure negotiating rights.

The underlying reasons for oil production management opposition to trade union recognition are the same as for oil drilling management opposition - a belief that collective representation is not necessary, and a fear that union recognition can lead to disruption of extremely costly operations (Operating costs of the production platforms in the British sector of the North Sea, in 1982, varied between £27 million and £212 million per platform per annum).[4]

Changes in the level of demand for product do not have a direct impact on the operation of the oil production establishments examined in the survey - of far greater importance is the level of supply, in terms of the productivity and profitability of oil wells under production. None of the six interviewees suggested that changes in demand or supply had a bearing on the conduct of industrial relations.

The oil production industry is a major employer in the Grampian Region - the two largest production companies both employ over 2000 in the Region - and its economic importance, combined with the large representation of foreign companies in the industry, make it an interesting and significant subject of study.

(ii) The Establishments (see Table 14.1)

Six oil production companies were examined in the survey. All six had a substantial onshore presence, in terms of manpower and premises, but the extent of off shore activity undertaken by the companies varied considerably, depending on how much of the offshore operations was contracted to other companies. The onshore offices of all six establishments were located in Aberdeen.

The workforce size of the six establishments varied considerably. Two establishments (A and F) employed "small" sized workforces (1-199 employees); one establishment (E) employed a "medium" sized workforce (200-499 employees); one establishment employed a "large" sized workforce (500-999 employees); and two establishments employed "very large" workforces (1000+ employees). In each of the establishments, at least 50% of the workforce was employed onshore in managerial, administrative and clerical positions, and in the establishments which contracted out a significant portion of their offshore activities (establishments A and F) this figure was higher.

(a) Employers Association

All six establishments were members of the United Kingdom Offshore Operators Association, which is not an officially registered employers association, but acts as a forum for technical matters and as an instrument for political lobbying and discussions with trade unions. There are no negotiations conducted between UKOOA and trade unions.

(b) C.B.I.

The three British owned companies (B,C,D) were members of the Confederation of British Industry; two of the three foreign owned companies (E,F) were not members, and the interviewee at the third foreign establishment (A) was unsure of membership status.

(c) Ownership and Control

All six establishments were North Sea operations headquarters for multi-national oil companies, three of which (B,C,D) had head offices in Great Britain, and three of which (A,E,F) had head offices abroad, two in the United States and one in France.

The six establishments were largely self contained, and held responsibility for North Sea operations. In general, the interviewees at the six establishments reported considerable independence of action, with overall control remaining at head office.

(iii) The Workforce (see Table 14.2)

(a) Composition

The majority of employees in each of the six establishments were onshore based "white collar" workers (secretaries, clerks, administrators, technical specialists and managers), but a significant minority (25% - 40%) of the workforce in each establishment were employed in offshore locations. Offshore based employees of all six establishments were employed in managerial, supervisory and technical positions; the number of manual production workers and ancillary workers employed directly by the six establishments varied considerably depending on the extent to which such work was contracted to other companies (Establishments A and E, for example, contracted out most offshore work).

Employees in the six establishments were predominantly British in nationality; foreign nationals employed in the French and American establishments were mainly specialist technicians and senior managers. Offshore employees normally worked the "two week on, two week off" shift pattern, and onshore workers usually worked normal office hours.

(b) Trade Union Membership

Individual workers in the six establishments were members of trade unions - AUEW, EETPU, TGWU, ASTMS, and APEX were mentioned - but in none of the six establishments was there collective representation, by

trade unions, of the workforce; similarly, trade unions were not recognised for collective bargaining purposes in any of the six establishments although unions were recognised by some of the companies at oil supply bases outwith the Grampian Region. When asked what the reaction of management would be to trade union demands for representational and negotiating rights, management interviewees were careful to stress their neutrality in such issues. ("We're not anti union..... but the nature of the oil industry is such that it's difficult for unionisation"; "We've nothing against unions",) but were explicit that trade unions would only be recognised if and when proof was available that the majority of the workforce wished to be represented by unions:- "If management were approached..... we'd ask what percentage of the workforce were signed up members and if union membership was significant we'd go to a ballot"; "We would do [recognise unions] if they succeeded at a ballot"; "they would need to show that membership was high".

Such statements, which have been noted by other observers(5) are made in the firm knowledge that the problems of organisation and communication confronting the trade unions, combined with the antipathy of many of the oil workers towards trade unions(6), are sufficient to ensure that rights of representation and negotiation are unlikely to be achieved.

The dialogue between the oil companies and the trade unions, as represented by UKOOA and the IUOOC, which was noted earlier, was also evident at establishment level - five of the six management interviewees reported meeting with full-time trade union officials for informal discussions within the previous twelve months.

The overall conclusion which can be drawn as to the management attitude to trade union recognition in the six oil production establishments is that "arms length" discussion with trade union officials was viewed as being acceptable, but that negotiation was regarded as undesirable.

The general opinion was that trade union recognition would not have a beneficial effect on establishment industrial relations - when asked what they thought would be the effect of trade union recognition on communication with the workforce, none of the six interviewees foresaw any benefits, and all six replied that such an eventuality would have a negligible or detrimental effect on establishment industrial relations.

(c) Trade Union Organization and Workforce Representation

The workforce was not directly represented by trade unions in any of the six establishments examined in the survey.

In the absence of trade union representation, the workforces in establishments C,D and E were represented on management-instigated consultation committees (see section v)

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 14.3)

(a) Absenteeism

No comprehensive and comparable statistics on absenteeism were made available by the interviewees; as with the other oil industries, offshore workers could not readily absent themselves from their place of work.

(b) Labour Turnover

Labour turnover, as measured by the statistics provided by the six establishments, was, in general, at a low level in comparison to other industries examined in the survey. It should be noted, however, that the statistics provided by establishments C and F made a distinction between offshore and onshore employees, and in both cases the annual rate of turnover was approximately three times greater among onshore employees. Offshore labour turnover was also reported to be lower in establishment B ("labour turnover is lowest offshore"); the reason for the significant

variation in turnover was that there was a particularly high rate of leavers amongst secretarial and clerical staff (" largely young and female" according to one interviewee).

(c) Industrial Action

The six establishments in the oil production industry examined in the survey were collectively distinguished by the reported absence of all listed types of industrial action.

(v) Management and Industrial Relations

(a) Management Organization (see Table 14.4)

The ratio of the managerial and supervisory staff (onshore and offshore) to total workforce size varied from 16% to 33% in the five establishments where comparable statistics were available. In the sixth establishment (D), the only figure made available was for senior management, which accounted for 0.5% of total workforce size (in numerical terms, approximately ten senior managers).

A partial explanation for the wide variation in the proportion of management and supervisory staff in the five establishments lies in differences in interpretation of the job descriptions of specialist professionals (e.g., geologists, engineers) who were categorised as managers in some establishments, and non-supervisory technical staff in others. The general picture, allowing for these differing interpretations of the term 'manager', is one in which a significantly large percentage of the workforce was acting in a managerial and supervisory capacity - the figure of 16% to 33% is large in comparison to the percentage of managerial and supervisory staff in other oil-related and non oil-related industries examined in the survey.

The emphasis on management is underlined when the extent of development of personnel and industrial relations expertise in the management

teams of the six establishments is examined. Specialist industrial relations/personnel managers were a feature of management in each of the six establishments, and in the four largest establishments (B,C,D and E) there were separate personnel departments. It is of interest to note that in none of the six establishments was the term "industrial relations" used in the job descriptions of these specialist managers, or as the name of the specialist department. In each case, the term used was "personnel", or "employee relations". This fact in itself provides an indication of the approach to industrial relations adopted by management in the establishments.

Overall responsibility for industrial relations in each establishment was held by a small group of managers, or an individual manager, based onshore, with day-to-day responsibility for offshore industrial relations being held by offshore supervisors and managers. Training in industrial relations expertise was given to management and supervisory staff in each of the six establishments.

The relationship with the workforce in each establishment was formal, and, as one interviewee commented, "highly structured". Formal meetings with individual workers, underpinned by a formal, written grievance procedure and a detailed individual contract of employment were the basis of the relationship in each establishment, and in three of the larger establishments (C,D,E) this was supplemented by a consultative committee conducted in accordance with procedure, and comprised of representatives of management and the workforce. These consultative committees met relatively infrequently (e.g., the "staff consultative group" at establishment E met once every quarter) and were primarily utilised by management as a vehicle for disseminating information to a large and geographically dispersed workforce, and as a means of airing collective - as opposed to individual - grievances.

The committees can be viewed as one element of an overall management strategy which was designed to pre-empt demands for trade unionism by both providing an attractive package of conditions and terms of employment and by creating a formal and structured relationship which enabled grievances to be aired, and acted on. A similar strategy, without the addition of a consultative committee, was pursued by management in establishments A,B, and F.

Management in the six oil production establishments examined in the survey evidently planned to create and maintain a system of industrial relations based on the "unitary" frame of reference, and strove to avoid a situation in which the "two sides of industry" were seen to operate. Not only did management in each establishment sustain a formal, non-negotiatory relationship with a non-unionised workforce, but other techniques were utilised to stimulate employee involvement, in a non-negotiatory manner. These additional techniques included problem solving working parties (establishments C,D,E and F); "good operations meetings" (establishment F); and "departmental briefings" (establishment B). Company newspapers, postal letters and noticeboards were also utilised.

The similarities in management organization and in the conduct of industrial relations which have been revealed in the above examination of the six oil production establishments will be reflected in the following section, which considers management style in the six establishments.

(b) Management Style (see Table 14.5)

In considering the indicators of management style apparent in each of the six oil production establishments, it is evident that the category of management style is the same in each establishment, and is as follows:-

Establishment A - "Sophisticated Paternalist"

Establishment B - "Sophisticated Paternalist"

Establishment C - "Sophisticated Paternalist"

Establishment D - "Sophisticated Paternalist"

Establishment E - "Sophisticated Paternalist"

Establishment F - "Sophisticated Paternalist"

The sophisticated paternalist management style, based on a formal, non-negotiatory relationship with a non-unionised workforce is evident in each of the six establishments. Each establishment exhibited considerable commitment to the maintenance of a formal relationship with the workforce, primarily, by the use of individual contracts of employment and formal grievance procedures, with the employees as individuals, but also, in three establishments, through the medium of a management instigated consultative committee.

The employment of personnel specialists, and the provision of industrial relations training for line management and supervisors in each establishment was a major element in a strategy designed to pre-empt demands for unionisation of the workforce and sustain non-negotiatory industrial relations. (Indeed, management eschewed the term "industrial relations" with its associated connotations of pluralism, adversarial negotiations and industrial action, in favour of the ideologically sound terms "employee relations" and "personnel relations")

Whereas the indicators of management style in each establishment were comparable, and hence management style in all six establishments was defined as being sophisticated paternalist, the establishment correlates are varied (i.e. workforces of the four different size categories were present in the six establishments, and ownership was located in three different countries, including Britain) and hence in a superficial examination do not appear to be related to the common management style evident in all the establishments. However, a closer examination of the establishment correlates reveals that the variations are more apparent

than real. The considerable differences in establishment size are less marked when account is taken of the extent of contracting out of operations undertaken by the smaller sized establishments, and the differences in nationality of the companies is of little significance - each establishment was part of a multinational enterprise, which had evolved a method of operations (including an approach to industrial relations) which owed little to national characteristics, and took little account of variations in the custom and practice of specific host countries.

(vi) Management and Collective Bargaining (see Table 14.6)

(a) Levels and Scope of Bargaining

None of the listed issues were reported to be subject to collective bargaining, at any level, in any of the six establishments in the oil production industry examined in the survey.

(b) Management Style and Collective Bargaining

The absence of collective bargaining from the process of industrial relations in the six establishments corresponds to the non negotiatory sophisticated paternalist management style which was evident in each establishment.

(c) Management Attitudes to Collective Bargaining

The common attitude of the interviewees to collective bargaining was that it would not be beneficial to industrial relations in the establishments (See section on Trade Union Membership). This attitude was not supported by overtly "union-bashing" statements; a more reasoned and pragmatic style of argument prevailed, evident in such interviewee statements as:-

"The nature of the oil industry is such that it's difficult for unionisation. The small independent work groups, geographical diversification and 'two weeks on, two weeks off' cause problems for union organisation,

and the companies have to an extent negated the need for unions - pay and conditions are good and individual contracts cover most things."

This statement summarises both the problems facing the trade unions in organising representation offshore, and the pre-emptive methods utilised by management to forestall demands for unionisation. One trade union official interviewed in the survey summarised the approach of the oil companies to trade union recognition as being a matter of "prevention rather than cure" - recognition of trade unions was perceived by the companies as being detrimental to establishment industrial relations, and pro-active action to prevent demands for recognition arising was viewed as preferable to attempting to react to, and negate, demands which had arisen.

The salient features of management style in the oil production establishments examined in the survey are the complete absence of collective bargaining from establishment industrial relations, and the similarity of the non-negotiatory methods used by management in the six establishments to sustain a formal relationship with a non-unionised workforce.

Oil Production : Footnotes

(1) See Sampson, Anthony : The Seven Sisters (1975).

(2) Arnold, Guy : Britain's Oil, p.292.

(3) Kitchen, Jonathan : Labour Law and Offshore Oil, p.100

(4) Scottish Petroleum Annual, 1982, p.52

(5) Kitchen, Jonathan : op. cit., p.100

(6) Carson, W.G. : The Other Price of Britain's Oil, pp.214-215

TABLE 14.1 Establishment Information (Oil Production)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?	C.B.I.?	LOCATION OF HEAD OFFICE
A	"small"	UKOOA*	?	United States
B	"large"	UKOOA*	YES	GB
C	"V.large"	UKOOA*	YES	GB
D	"V.large"	UKOOA*	YES	GB
E	"medium"	UKOOA*	NO	France
F	"medium"	UKOOA*	NO	United States

* recognises, but does not negotiate with, trade unions.

TABLE 14.2 :Workforce Representation (Oil Production)

ESTABLISHMENT	TRADE UNIONS	T.U.DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	*	*	None	-
B	*	*	None	1
C	*	*	Representation on management led consultative committee.	Yes+
D	*	*	Representation on management led consultative committee.	Yes+
E	*	*	Representation on management led consultative committee.	Yes+
F	*	*	None	1

* members of a number of trade unions present in workforce -details and nurbers not known.

+ Informal discussions.

TABLE 14.3: Absenteeism, Labour tunover and Industrial action (Oil

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (annual)	NATIONAL STRIKE?	LOCAL STRIKE?
A	?	5.2%	-	-
B	?	"8-12%"	-	-
C	?	8% onshore 2.7% offshore	-	-
D	?	5.8%	-	-
E	?	7%	-	-
F	?	17% onshore 5% offshore	-	-

THREAT TO STRIKE?

OVERTIME BAN?

WORK TO RULE?

OTHER?

TABLE 14.4: Management Organisation (Oil Production)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?
A	27%	YES
B	16%	YES
C	26%	YES
D	*	YES
E	33%	YES
F	17%	YES

* see text

I.R. TRAINING FOR MANAGEMENT?
YES
YES
YES
YES
YES
YES

TABLE 14.5 : Management Style (Oil Production)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE	PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
A	"small"	*	NO	Formal,individual.	YES	YES	"Sophisticated Paternalist"
B	"large"	*	NO	Formal,individual.	YES	YES	"Sophisticated Paternalist"
C	"V.large"	*	NO	Formal,individual+consultative committee.	YES	YES	"Sophisticated Paternalist"
D	"V.large"	*	NO	Formal,individual+consultative committee.	YES	YES	"Sophisticated Paternalist"
E	"medium"	*	NO	Formal,individual+consultative committee.	YES	YES	"Sophisticated Paternalist"
F	"medium"	*	NO	Formal,individual.	YES	YES	"Sophisticated Paternalist"

TABLE 14.6: Management Style and Collective Bargaining. (Oil Production)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
B	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
C	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
D	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
E	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
F	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-

CHAPTER 15 :- Oil related Service/Engineering

(1) Background

The oil related service/engineering industry comprises a variety of companies operating onshore in the manufacture of specialised oil related equipment, and operating both onshore and offshore providing repair, maintenance and installation services. All the establishments in this industry have been located in the Grampian Region in response to the advent of oil related activity in the area.

In contrast to the "traditional" manufacturing engineering sector, which is highly unionised, and in which collective bargaining is the norm (see chapter on mechanical engineering establishments), industrial relations in the oil related service/engineering sector is fragmented, with several companies being members of employers associations which negotiate with trade unions, other companies independently negotiating with trade unions, and a considerable number of companies neither recognising, nor negotiating with trade unions. The nature of industrial relations in the offshore maintenance sector, in particular, is both changeable and fragmented - one trade union official estimated that, in the space of a few years between the late 1970's and mid-1981, the number of offshore maintenance companies with trade union agreements had decreased from 30 to less than ten, and that the number of "cowboy" (i.e. non-unionised) companies had increased from six to 25.(1)

The period in which the survey was conducted - mid-1981 - was a time of increasing oil related activity, and this general increase in activity was reflected in the increase in demand for products and/or services reported by each of the seven establishments (including one establishment which reported an 100% increase in demand in the previous year.) The general increase in demand was coupled with severe competition for contracts, particularly in the

sub contract labour offshore maintenance sector where a number of non-unionised companies were undercutting unionised companies by paying markedly lower wages[2] - wages which the management interviewees at one unionised establishment stated enabled work to be carried out for the same cost as two years previously.

None of the seven interviewees had noted any changes in industrial relations brought about by the general increase in demand, other than the non-specific benefits to the morale of the workforce.

The fragmented nature of the oil related service/engineering industry, and the apparent proliferation of non-unionised establishments in the offshore maintenance sector, are the salient background features which will require closer examination and further explanation in the following sections.

(ii) The Establishments (see Table 15.1)

Seven establishments in the oil related service/engineering industry were examined in the survey.

Establishments A, B and C were primarily onshore based manufacturers of oil related equipment, but at any one time a number of their employees were involved in offshore based repair and maintenance of equipment. In contrast, establishments D,E,F and G were primarily involved in offshore repair, maintenance and installation of equipment, but each of the four establishments also had onshore workshop facilities.

Establishments A,B,C and D were in the 'medium' size category (200 - 499 employees) and establishments E,F and G were in the 'small' size category (50 - 199 employees).

(a) Employers Association

Two of the establishments were members of employers associations - establishment C was a member of the Engineering Employers Federation (EEF), and establishment F was a member of the Oil and Chemical Plant Construction Association (OCPCA), an offshoot of the EEF. Both of these establishments recognised and negotiated with trade unions, as did two of the non-federated establishments (A and D). The interviewee at one of the non-federated establishments (company A) stated it was "company policy" not to join an employers association.

(b) CBI

Three of the establishments were members of the CBI; the fragmented nature of CBI membership in the industry is emphasised when it is noted that, of the three establishments, one was American-owned and non-unionised (establishment B), one was British-owned, non-federated and unionised (establishment D) and one was British-owned, federated and unionised (establishment C).

(c) Ownership and Control

Three of the establishments (A, B and G) were owned by North American based oil related multinational companies, and four of the establishments (C,D,E and F) were British owned.

Each of the seven establishments was located in Aberdeen, and was the company base for oil related activity in the North Sea. Considerable independence of action in the conduct of day-to-day operations was generally evident, with responsibility for overall strategy being retained at the head office of the company, located elsewhere in Britain or in the United States.

(iii) The Workforce (see Table 15.2)

(a) Composition

The majority of employees in the seven oil service/engineering establishments were male skilled manual workers and technicians, working either offshore or onshore in the engineering and allied trades. Additionally, each company employed onshore based administrative, clerical and secretarial staff.

Offshore workers in the establishments did not necessarily work the "two week off two week on" shift system which was common to the three other offshore oil related industries examined in the survey. Offshore repair, maintenance and installation work could occupy workers for periods of time either shorter or longer than the more common two week duration of offshore employment.

Employees in the seven establishments were predominantly British in nationality, apart from a number of American senior managers in the American owned establishments (A,B and F). The interviewee in each of the seven establishments was British in nationality.

(b) Trade Union Membership

Workers in five establishments (A,B,C, D and F) were trade union members; the major trade union being the AUEW, with the EETPU, ASB and TGWU also reported as having members in one or more of the five establishments. Trade unions were recognised for the purposes of collective bargaining in four of the five establishments (A,C,D and F).

The decline in the number of offshore maintenance companies which recognised and negotiated with trade unions, in comparison to non-unionised companies (noted in the introductory section of this

chapter) was a factor of considerable significance at the time the survey was being carried out, in mid-1981. The underlying reason for the increase of non unionised companies was summarised by the chairman of the Inter Union Offshore Oil Committee, as follows:-

"Offshore maintenance contracts in the past were awarded to companies as a follow up to the construction phase on installations, and these companies were in the main 100% trade union organised ..... new contracts are being awarded to smaller companies who seek to avoid unionisation and pay terms and conditions of employment below that of the negotiating rates".(3)

With the ascendancy of non unionised companies in offshore maintenance, the influence of trade unions in the sector was on the wane - one management interviewee stated that "the union impact is not so strong" - and full-time trade union officials were both voicing concern(4) and threatening to redress the situation by undertaking industrial action(5) to force the introduction of "union only" clauses(6) in contracts. However, the threatened action was not undertaken, primarily because of problems with the organization of the offshore workers (significant support had been pledged by onshore members of the AUEW, ASB and EETPU) and the smaller non-unionised offshore maintenance companies ("cowboy companies" in trade union parlance) remain a significant feature of the oil related service/ engineering sector.

The fact that two of the four establishments examined in the survey which primarily operated offshore were non unionised (establishments E and G) is thus not atypical of the offshore maintenance sector, and it is perhaps significant that it was one of these non unionised establishments, which were undercutting unionised company rates, that had reported the 100% increase in demand for services in the previous year.

(c) Trade Union Organization and Workforce Representation

In the two establishments which recognised trade unions and which concentrated primarily on onshore work (establishments A and C), trade union organization was highly developed. In both establishments the highly unionised workforce (100% unionised in establishment A, and 85% unionised in establishment C) were represented by elected shop stewards of the AUEW and ASB who formed a joint shop stewards committee which held regular and formal meetings with management representatives.

The third establishment which concentrated primarily on onshore work employed workers who were trade union members, but did not recognise trade unions (establishment B). In this establishment, workforce representation was highly structured and formalised, comprising a works committee and staff committee, both formed of representatives of management and elected representatives of the workforce. The committees met at monthly intervals and in the words of the management interviewee, could "talk about anything". The formal nature of the management workforce relationship in establishment B was underpinned by a formal grievance procedure. There had been one attempt by trade unions to gain recognition and negotiating rights at the establishment, but in a vote the workforce had overwhelmingly rejected the prospect of union representation (The management interviewee stated that 95% of the workforce had voted against unionisation).

In the four establishments which operated primarily offshore, two establishments were non unionised, and did not have any form of worker representation (establishments E and G), and two establishments were unionisedand recognised trade unions (establishments D and F). In the two unionised establishments, shop stewards were elected by the workforce, and held regular formal meetings with management, but in neither establishment was there a joint shop stewards committee.

(However, shop stewards from the different unions in establishment F did negotiate as a group).

Full-time trade union officials were involved in the annual negotiations at three of the establishments (A,D and G).

(iv) Absenteeism, Labour Turnover and Industrial Action (see Table 15.3)

(a) Absenteeism

In establishments D,E,F and G, which primarily operated offshore, statistics on absenteeism were not compiled (interviewee G stated absenteeism was at an "acceptable" level) because of the nature of offshore employment, which precluded casual absenteeism.

In establishments A,B and C, which primarily operated onshore, absenteeism was evidently not considered by management to be a problem. The figures of 5.4% and 4% for absenteeism in establishments A and B are similar to the absenteeism rate in the non oil related mechanical engineering establishments (where absenteeism rates of 2% - 7% were reported) and in establishment C, absenteeism was reported to be "quite low", having "improved immensely over the last two years".

(b) Labour Turnover

Labour turnover was not reported to be a problem in any of the establishments. Three of the interviewees (at establishments D,F and G) gave non-quantitative replies to the question of the rate of labour turnover, stating in turn that turnover was "very small", "very low" and "acceptable". In the four other establishments (A,B,C and E) the statistics which were available indicated that turnover was at a markedly lower rate (establishments A,B and E) or a similar rate (establishment C), to that in the non oil related mechanical engineering establishments (see separate chapter).

(c) Industrial Action

Industrial action, in general, was not a significant feature of establishment industrial relations in the seven establishments in the

oil related service/engineering industry. Four establishments (A,C,D, and F) each reported single occurrences of industrial action in the previous five years.

In establishment A, an overtime ban had been used during a pay negotiation; in establishment C an establishment strike had occurred three years previously during pay negotiations; in establishment D the small number of TGWU members had been on strike during the national lorry drivers strike (1979); and in establishment F company employees had not crossed a picket line at Aberdeen Airport during the 1979 offshore construction strike.(7)

It can be stated that industrial action was not a significant problem in any of the establishments.

(v) Management and Industrial Relations

(a) Management Organization(see Table 15.4)

The ratio of managerial and supervisory staff (onshore and offshore) in comparison to total workforce size varied between 10% and 23% in the six establishments where statistics were made available. The ratio is, on average, comparably greater than that in the non oil related engineering establishments and the fabrication establishments examined in the survey, and is significantly greater than the national figure of 8% given in Brown.(8) The markedly larger proportion of managers and supervisors in the oil related service/engineering sector is partially explainable by the fact that the service/engineering establishments operated both onshore and off shore, and hence managerial and supervisory staff were required at more than one location, and is partially explainable by the fact that the oil related service/engineering industry is technically sophisticated, in comparison to the non oil related engineering establishments, and hence a proportionately larger number of technical managers and supervisors is employed.

Specialist personnel/industrial relations managers were employed at five of the establishments - at the four "medium" sized establishments (A,B,C and D), and at establishment F. The specialist at establishment C is of particular interest, for he was a freelance adviser who regularly worked in a similar consultative capacity for three other oil related companies.

The number of managers with responsibility for industrial relations varied in the seven establishments. In establishments B and F, responsibility was held by a single onshore based manager, whereas in the other five establishments (A,C,D,E and G) there was

a measure of devolution of responsibility, but in each establishment a single onshore based manager or managing director had overall responsibility.

Industrial relations training was provided for management in establishments A,B,C,D and E.

Three distinct and separate forms of management relationship with the workforce were evident in the seven establishments. In four establishments (A,C,D and F) the relationship was based on formal negotiations and regular meetings with elected trade union representatives; in establishment B the formal, non negotiating relationship was based on a formal grievance procedure, individual contracts of employment, single status employment (e.g., one canteen for all employees) and a non negotiatory works council; in establishments E and G no formal channels of communication existed, and the workforce was not represented as a collective unit.

The basic differences in management approach to industrial relations in the seven oil related service/engineering establishments, outlined above, will be examined in greater detail in the next section, in which the management style in each establishment will be considered.

(b) Management Style (see Table 15.5)

A superficial examination of industrial relations in the seven oil related service/engineering establishments included in the survey presents a fragmented picture, in terms of indicators and correlates of management style. A detailed evaluation of the nature of industrial relations in each establishment will enable a categorisation of management style, and will hence facilitate the inter-establishment comparison of management approaches to industrial relations.

Establishment A : "Functional Negotiatory"

The relationship between management and the highly unionised workforce in the "medium" sized establishment was based on regular formal meetings between management and a joint shop stewards' committee comprised of elected worker representatives. The United States based company which owned the establishment normally followed a non-union industrial relations policy, but when the establishment was located in Aberdeen in 1974, the decision had been made to follow standard British industrial relations procedure, and negotiate with trade unions - the manager interviewed in the survey commented that "it was reluctantly realised that unions were needed in the British context". When the decision had been made - however reluctantly - to recognise and negotiate with trade unions, management had devoted considerable resources, in terms of training and personnel, to ensure that the negotiating relationship was constructive, formal and functional. Labour relations were the responsibility of a British personnel director, supported by two other personnel specialists; in addition, other management received industrial relations training.

Establishment B : "Sophisticated Paternalist"

Management style in establishment B, as defined by the indicators of management style, was evidently sophisticated paternalist. The formal, non negotiatory relationship between management and the workforce, which existed in the establishment, was based on a formal grievance procedure and detailed individual written contracts of employment, and was supplemented by management conducted formal non negotiatory meetings with elected worker representatives. Additional methods utilised by management to ensure both that the aspirations of the workforce were accommodated, and that some of the

problems associated with "traditional" British industrial relations were avoided, were single status employment, "merit" payments, and flexible work practices (no job demarcation).

The commitment of management to maintaining a non negotiatory relationship with a non unionised workforce, indicated by the use of the above techniques, was further sustained by the employment of personnel specialists in the management team (including a personnel manager) and by the use of industrial relations orientated training for other management.

The marked contrast between the sophisticated paternalist management style in American owned "medium" sized establishment B and the functional negotiatory management style in American owned "medium" sized establishment A is given further emphasis when it is noted that the two establishments were located literally "next door" to each other. The fact that very different approaches to industrial relations were adopted by management in two establishments which were similar, in terms of size, industrial classification, geographical location, date of inception (both factories were built in the early 1970's), and ownership clearly illustrates that management style is primarily determined by management, irrespective of other specific features of the establishment.

Establishment C : "Functional Negotiatory"

The relationship between management and workforce in establishment C was based on regular formal meetings between management and a joint shop stewards committee. External industrial relations training was provided for line management, and a specialist industrial relations expert was employed. The employment of this consultant had altered the nature of establishment industrial relations, for, after

his arrival management, according to the interviewee, wanted "more communication" with the workforce. The fact that the rates of absenteeism and labour turnover had decreased, and no industrial action was reported, in the two years since the consultant was employed indicate that changes had occurred in the relationship between management and the workforce.

Industrial relations in establishment C can be characterised as typical of "medium" and "large" size engineering establishments, with national negotiations giving guidelines on which highly developed formal establishment level negotiations were conducted. The nature of industrial relations in establishment C was similar to that in the non oil related mechanical engineering establishments examined in the survey.

Establishment D : "Functional Negotiatory"

Employees from "large" size establishment D were involved in work offshore, and onshore in both Aberdeen and Peterhead. The geographical dispersion of the employees, and the fact that a number of different trade unions represented different sections of the workforce, prevented joint negotiation with the workforce. Management responsibility for day-to-day industrial relations was thus devolved to the managers in charge of the seven operational divisions, with overall responsibility being held by a Industrial Relations Director; and each trade union negotiated separately with management.

The relationship between management and the workforce was based on regular formal meetings between management and elected worker representatives, and was perhaps as functional and formal as was possible in the particular operational circumstances of the establishment.

Establishment E : "Autocratic"

The relationship between management and workforce in "small" sized establishment E was characterised by the absence of collective representation of the non unionised employees, and by the lack of formal communication between management and the workers.

The facts that no means or methods of accommodating worker aspirations were present in the establishment, and that no personnel/ industrial relations specialists were employed indicates that the management style was autocratic; however, training courses were run for management, which is uncharacteristic of an establishment in which the autocratic approach was being utilised.

Establishment F : "Functional Negotiatory"

Employees in "small" sized establishment F were involved primarily in offshore work, but regular formal meetings between management and elected representatives of the unionised workforce were conducted elsewhere.

The formal relationship was underpinned by a formal grievance procedure, and responsibility for industrial relations was held by a single onshore based personnel/industrial relations specialist. The extent to which overall responsibility for industrial relations was centralised is emphasised by the fact that line management were not given industrial relations training.

Establishment G : "Autocratic"

The American owned, "small" sized establishment G exhibited the indicators of management style which identified the existence of an autocratic management in the establishment - the workforce was non unionised and unrepresented in any formal or collective manner,

and management made no commitment, in terms of personnel or training, to the development of expertise in industrial relations matters.

The fact that three different management styles (both negotiatory and non negotiatory) were evident in an examination of seven oil related service/engineering establishments indicates that no one approach to industrial relations was dominant in the industry.

In a number of the establishments (A,C,D and F) the approach to industrial relations was similar to that evident in most mechanical engineering establishments (see separate chapter) where industrial relations is normally characterised by well organized trade union representation, a wide scope of collective bargaining, and a functional negotiatory management style. However, in two of the establishments which operated predominantly in the offshore sector (establishments E and G), the problems confronting trade union organization facilitated the existence of an autocratic style of management. The fact that the majority of establishments operating in the offshore maintenance sector were non unionised (see section (i) indicates that the autocratic management style was dominant in that sector of the industry. The sophisticated paternalist management style evident in establishment B was atypical of the industry, and reflected the long term industrial relations strategy of the American ownership of the establishment.

In general, there was evidence of a direct relationship between management style and the establishment correlates of ownership and establishment size. Negotiatory based management style was evident in the majority of the British owned establishments; conversely, two of the three American owned establishments utilised a non negotiatory approach. Two of the three "small" sized establishments utilised an autocratic management style; in the four "medium" sized establish-

ments management style was functional negotiatory or sophisticated paternalist.

An examination of the relationship between management style and the third establishment correlate - establishment location - is not relevant, as workers from each of the establishments examined in the survey operated in a variety of offshore and urban onshore locations, for differing periods of time.

(vi) Management and Collective Bargaining (see Table 15.6)

(a) Levels and Scope of Bargaining

A broad range of issues was reported to be subject to collective bargaining in each of the four establishments at which negotiations between management and trade unions occurred. Pay, hours of work, discipline, working conditions, health and safety, and welfare were reported to be within the scope of collective bargaining in establishments A,C,D and F; in addition, redundancy was reported to be negotiable in establishments A,C and F, work organisation was reported to be negotiable in establishments A and C, and the effects of any technical change were reported to be negotiable in establishmentA.

In establishments A and D, all issues were negotiated at establishment level, apart from those which concerned the small number of TGWU lorry drivers in establishment D who were covered by a national agreement; establishments C and F were party to both national level and establishment level negotiations. Establishment C was a member of the EEF, and hence followed the nationally negotiated guidelines on minimum pay rates and hours of work embodied in the National Agreement between the EEF and CSEU. Establishment F was a member of the OCPCA, and hence subject to the nationally negotiated Offshore Construction Agreement, a more detailed agreement than that between the EEF and CSEU, and one which was specifically drawn up to cater for atypical nature of offshore work. The Agreement covered pay, hours of work, discipline, and included agreements on travel arrangements, travel allowances, overnight accommodation, and trade union facilities - "Employers recognise the value of membership of the recognised trade unions and undertake to encourage all employees to be paid up members of one of the recognised trade unions..... The employers recognise the rights of employees to elect shop stewards but due to the very

special nature of work on production platforms and the special safety requirements, shop stewards may only convene meetings on the platforms in accordance with the rules set out by the Installation Manager of the client company. Otherwise, their representational functions will not be affected."(9)

Aside from the wider scope of the Offshore Construction Agreement in comparison to the EEF/CSEU Agreement, another significant difference between the two agreements was that whereas the latter agreement set only minimum rates of pay - and thus permitted considerable variations in pay settlements at establishment level - the former agreement set out detailed pay rates.

None of the interviewees stated that the scope of bargaining activity had increased in the previous few years. Interviewees C and D stated that the amount of bargaining activity had increased (interviewee C directly related this increase to "management wanting more communication", which provides further evidence that a change from "superficial" to "functional" negotiatory management style had occurred); at establishment A negotiating activity was stated to have remained at the "same" level; and in establishment F negotiating activity had declined due to there being a "big labour market at the moment" (Thus interviewee F perceived that the economic recession, and the associated increase in unemployment, had a direct impact on negotiating activity.)

(b) Management Style and Collective Bargaining

The non negotiatory autocratic and sophisticated paternalist management styles defined in establishments B,E and G correlate with the fact that none of the listed issues was stated to be subject to collective bargaining in these establishments.

The functional negotiatory management style defined in the other four establishments (A,C,D and F) equates with the broad, or comprehensive scope of bargaining which was evident in the establishments.

(c) Management Attitudes to Collective Bargaining

In the four establishments at which management style was defined as functional negotiatory (establishments A,C,D and F), the attitude of the interviewees towards the role of collective bargaining was one of general approval. Two of the establishments (C and F) were subject to national- and establishment-level negotiations, and two of the establishments (A and D) were subject to only establishment level negotiations, but none of the interviewees in the four establishments expressed a wish to adopt another form of negotiation. The general laissez-faire attitude was summed up by the statement of one of the management interviewees, who indicated that change was unlikely, because "we're too set in our ways".

Management interviewees at the three non negotiatory establishments (B,F and G) exhibited the common attitude that trade union recognition would be detrimental to establishment industrial relations. This opposition to the use of collective bargaining is reflected by the categories of management style which were evident in each of the three establishments.

Attitudes to the role of elected worker representatives in the four establishments which negotiated with trade unions were neutral or positive. Two of the four interviewees, at establishments A and D, reported that shop stewards were 'helpful' in the conduct of establishment industrial relations (interviewee A stated that shop stewards aided in communication with the workforce) and interviewees

C and G were ambivalent as to the role of elected worker representatives.

In summary, no one category of management style was predominant in the oil related service/engineering establishments. Collective bargaining was central to the system of industrial relations in some establishments, whereas in other establishments the relationship between management and the workforce was non-negotiatory. The underlying reason for the fragmented nature of industrial relations in the industry was that some establishments utilised the form of industrial relations which was the norm in non-oil related engineering, whereas other establishments adopted non negotiatory management styles which were atypical of the engineering industry in general, but not uncommon in the specifically offshore oil related sector in particular.

Oil service/engineering : Footnotes

(1) Aberdeen Evening Express : 10.6.81

(2) Aberdeen Press and Journal : 27.5.81.

(3) Chairman of the IUOOC, Aberdeen Press and Journal : 15.9.81

(4) Aberdeen Evening Express : 10.6.81.

(5) Aberdeen Press and Journal : 7.6.81; 24.9.81.

(6) The use of union only contracts was prohibited by the 1982 Employment Act.

(7) Aberdeen Press and Journal : 17.1.79.

(8) William Brown (ed.) : The Changing Contours of British Industrial Relations, p.19

(9) Offshore Construction Agreement, p.19.

TABLE 151 Establishment Information (Oil Service/Engineering)

ESTABLISHMENT	SIZE	EMPLOYERS ASSOCIATION ?	C.B.I.?
A	"medium"	-	NO
B	"medium"	-	YES
C	"medium"	EEF	YES
D	"medium"	-	YES
E	"small"	-	NO
F	"small"	OCPCA	NO
G	"small"	-	NO

LOCATION OF HEAD OFFICE
United States
United States
GB
Sco
GB
GB
United States

TABLE 15.2 :Workforce Representation (Oil Service/Engineering)

ESTABLISHMENT	TRADE UNIONS	T.U.DENSITY (MANUAL)	WORKFORCE REPRESENTATION	VISITS OF FULL TIME T.U. OFFICIAL
A	AUEW ASB	100%	JSSC.Pegular formal meetings with management	2
B	*	-	Elected non-union representatives for "works council"	-
C	AUEW ASB	85%	JSSC.Regular formal meetings with management	-
D	AUEW,TGWU EETPU,ASB	?	Shop stewards from each union in separate regular formal meetings with management.	3
E	-	-	None	-
F	AUEW EETPU	?	Shop stewards from aech union - negotiate together,but no JSSC.Regular formal meetings with management.	3
G	-	-	None	-

* Individual workers are union members.

TABLE 15 .3: Absenteeism, Labour turnover and Industrial action (Oil Service/Engineering)

ESTABLISHMENT	ABSENTEEISM(%)	LABOUR TURNOVER (annual)	NATIONAL STRIKE?	LOCAL STRIKE?	THREAT TO STRIKE?	OVERTIME BAN?	WORK TO RULE?	OTHER?
A	5.4%	1%	-	-	-	X	-	-
B	4%	5%	-	-	-	-	-	-
C	"low"	15%	-	X	-	-	-	-
D	?	"v.small"	X	-	-	-	-	-
E	?	1%	-	-	-	-	-	-
F	?	"v.low"	X	-	-	-	-	-
G	?	"acceptable"	-	-	-	-	-	-

TABLE 15.4: Management Organisation (Oil Service/Engineering)

ESTABLISHMENT	%MANAGEMENT & SUPERVISORY: TOTAL WORKFORCE	SPECIALIST PERSONNEL/I.R. MANAGEMENT?	I.R.TRAINING FOR MANAGEMENT?
A	?	YES	YES
B	11%	YES	YES
C	23%	YES	YES
D	10%	YES	YES
E	13%	NO	YES
F	17%	YES	NO
G	17%	NO	NO

TABLE 15.5 : Management Style(Oil Service/Engineering)

ESTABLISHMENT	SIZE	TRADE UNION DENSITY (MANUAL) APPROX.	COLLECTIVE BARGAINING?	BASIS OF RELATIONSHIP WITH WORKFORCE	PERSONNEL/I.R. SPECIALISTS?	I.R.TRAINING FOR MANAGEMENT?	MANAGEMENT STYLE
A	"medium"	100%	YES	Regular formal meetings with JSSC.	YES	YES	"Functional Negotiatory"
B	"medium"	?	NO	Formal, individual	YES	YES	"Sophisticated Paternalist"
C	"medium"	35%	YES	Regular formal meetings with JSSC.	YES	YES	"Functional Negotiatory"
D	"medium"	?	YES	Regular formal meetings with elected workforce representatives.	YES	YES	"Functional Negotiatory"
E	"small"	-	NO	Informal ,one-to,one.	NO	YES	"Autocratic"
F	"small"	?	YES	Regular formal meetings with elected workforce representatives.	YES	NO	"Functional Negotiatory"
G	"small"	-	NO	Informal,one-to-one.	NO	NO	"Autocratic"

TABLE 15.6:Management Style and Collective Bargaining.(Oil Service/Engineering)

ESTABLISHMENT	MANAGEMENT STYLE	PAY	HOURS OF WORK	DISCIPLINE	WORKING CONDITIONS	HEALTH&SAFETY	REDUNDANCY	WORK ORGANISATION	WELFARE	TECHNICAL CHANGE
A	Functional negotiatory	E	E	E	E	E	E	E	E	E
B	Sophisticated Paternalist	-	-	-	-	-	-	-	-	-
C	Functional Negotiatory	N,E	N,E	E	E	E	E	E	E	-
D	Functional Negotiatory	E	E	E	E	E	-	-	E	-
E	Autocratic	-	-	-	-	-	-	-	-	-
F	Functional Negotiatory	N,E	N,E	N,E	E	E	E	-	E	-
G	Autocratic	-	-	-	-	-	-	-	-	-

E = Establishment level

C = Company level

N = National level

CHAPTER 16 :- The Oil-related Industries : Commentary

(i) Introduction

A total of 23 establishments from four oil related industries (oil catering, oil drilling, oil production and oil service/engineering) were examined in the survey. Total employment in the 23 establishments was approximately 10,500 (overall employment in the Grampian Region for companies wholly related to North Sea oil was estimated at approximately 33,000 in 1980).(1)

The extent of use of negotiatory based industrial relations was evidently limited in the oil related sector in comparison to the indigenous industries covered in the survey. In the indigenous sector, 27 of the 31 establishments examined in the survey reported that collective bargaining was utilised as the basis of establishment industrial relations, whereas in the oil related sector, industrial relations was negotiatory based in only 11 of the 23 establishments included in the survey. Furthermore, the proportion of establishments utilising negotiatory based industrial relations in the oil related industries in general is considerably lower than is indicated by the above figure, for the number of establishments in the oil drilling and oil service/engineering industries covered by the survey which utilised a negotiatory form of industrial relations was proportionately greater than is the case in these industries as a whole (e.g. two of the five drilling establishments included in the survey were characterized by negotiatory based industrial relations; the respective figure for the industry in the North Sea as a whole is three establishments utilising negotiatory based industrial relations from a total of approximately twenty).

A further contrast between the industrial relations of the two sectors was the greater emphasis on "strategic" management styles

which was evident in the oil related industries. The management styles which were defined as being planned and incorporating a strategic element - functional negotiatory, consultationary and sophisticated paternalist - were utilised in 19 of the 23 oil related establishments, whereas only 17 of the 31 indigenous establishments were characterized by the use of a strategic management style.

The approach of management to industrial relations in the oil related industries in general is thus predominately strategic and primarily non-negotiatory. It is evident, as was hypothesised in chapter 2, that management in many oil related establishments make a conscious decision not to recognise trade unions and negotiate with the workforce - this is particularly the case in American owned establishments, but it is a significant feature of all nationalities of ownership and sectors of the oil industry (aside from oil catering).

The question which must be asked, and answered, is why have the oil related companies been successful in preventing or pre-empting trade union involvement in the British sector of the North Sea oil fields?

(ii) Industrial Relations in the oil related industries

The radical, left wing Aberdeen Peoples Press, writing in 1976, heralded the dawn of a new era of industrial relations in the North Sea oil industry:-

"The unionisation of the North Sea rigs is inevitable.....when the wells go into production and oil starts coming ashore the Committee (the I.U.O.O.C.) will be in a much stronger position to negotiate terms as they will be in effective control of pipeline and pumping

facilities.....the Committee will be in an immensely powerful position as they will be in full effective control of what will soon be the main lifeline of Britain's industrial economy." (2)

This new dawn proved to be false; trade unions have made little progress since 1976 in achieving representational rights in the offshore oil related industries, and in some sectors (e.g. offshore maintenance) the number of unionised companies actually declined in the late 1970's. The degree of trade union influence, in terms of the percentage of offshore workers which are unionised, falls far short of that visualised by the Aberdeen Peoples Press. Two recent estimates of the extent of unionisation of the offshore workforce underline the failure of the trade unions to gain widespread representational rights - the chairman of the I.U.O.O.C. (a man unlikely to understate union involvement) reported that, in 1981, "estimated membership would be about 30%" (3), and Carson quotes a lower estimate of 20%.(4) (These figures are for the trade union <u>membership</u> - the percentage of offshore workers who are <u>represented</u> by trade unions will be smaller).

The failure of the trade unions to achieve representational rights for a greater proportion of the offshore workforce, and the correspondingly limited use of collective bargaining as the basis of industrial relations in the offshore oil related industries, can be attributed to a number of factors.

Firstly, the absence of prescriptive legislation designed to stimulate unionisation of the offshore workforce and facilitate the extension of collective bargaining into the oil related industries has hampered trade union organisation offshore. However, it should be emphasised that, within the context of British industrial relations, such legislation would be atypical. The salient feature

of the system of industrial relations in Britain, as was discussed in chapter 2, is its voluntarism - the process of collective bargaining operates independently of government intervention and regulation. Thus, the fact that there is no appropriate legislation for stimulating and sustaining the extension of collective bargaining in the British offshore sector is not in itself remarkable, but the absence of such legislation can be viewed as a major factor in explaining the comparative scarcity of negotiated collective agreements in the offshore oil related industries.

Secondly, the buoyant nature of the oil related industries, in economic and employment terms, compared with other British industries, has underpinned the widespread existence of a system of industrial relations based on a non-negotiatory relationship with a non-unionised workforce. The economic well-being of the oil related industries has enabled the payment of comparatively high wages in certain sectors of the industries, and has hence undermined trade union demands for representational rights. The growth in oil related employment, coupled with the payment of high wages, has attracted workers from other declining industries, with the outcome that oil related demand for labour has been exceeded by supply - therefore establishments can be selective in their recruitment procedures, and avoid employing perceived "undesirables" (i.e. "active trade unionist" in the parlance of some companies).

A third factor which has acted against the wider adoption of collective bargaining as the basis of industrial relations in the oil related industries is that the operational requirements of the industry have hampered trade unions attempting to organize, or communicate with, the offshore workforce. The shift system under

which many offshore workers are employed entails undertaking periods of work at isolated offshore installations, and periods of rest at homes which are scattered throughout the United Kingdom - in such circumstances membership recruitment of offshore workers by trade unions is difficult, and organisation of, and communication with, unionised workers problematical. Recruitment of the offshore workforce by trade unions is further complicated by the unusual job descriptions of many offshore oil workers, for it is often difficult to identify which onshore based trade union would be the appropriate representational body for a particular group of offshore workers. The underlying problem is that the industrial and craft power bases and organizational structures of the different onshore based trade unions do not transfer readily to the offshore environment, where a single isolated rig or platform is populated by a number of small work groups each possessing different skills - skills (e.g. divers, radio operators, roughnecks, drillers, etc.) which are often atypical of onshore industrial organizations. The I.U.O.O.C. attempts to regulate union recruitment drives, but is not always successful in preventing inter-union rivalry (c.f. rivalry between N.U.S. and TGWU in offshore drilling).

Fourthly, the apathy or antipathy of sections of the oil related workforce towards the ideals and methods of trade unionism has limited the success of trade union recruitment drives. Oil related workers come from a variety of social, cultural and employment backgrounds, and some - ex-forces personnel, professional oil workers, and itinerant construction workers, for example - are often inherently anti-union in attitude. Others, who have moved to the offshore sector from the declining non-oil related engineering industries are ambivalent towards the role of

trade unions - these workers are, or have been, trade union members, but do not perceive that collective representation by trade unions will be beneficial in the particular circumstances of the offshore oil related industries, and hence they do not subscribe to, or support union demands for recognition. The attitude of the above workers towards the role of trade unions is similar to that exhibited by the 'deferential' workers evident in some 'traditional' establishments, and indeed the non-unionised oil related worker espouses the same unitary frame of reference of industrial relations as does the traditional 'deferential' worker (see chapter on Management Style and Collective Bargaining for further discussion of 'deferential' workforces and the unitary frame of reference of industrial relations). However, the unitary perspective of the non-unionised oil related worker is not based on the instinctive reaction to a close informal relationship which is exhibited by the 'deferential' worker, but rests rather on individualism and a close identification with a particular company, which is engendered by employer fostered self interest.

The fifth, and most apparent factor which has blocked the implementation of collective bargaining on a wide scale in the offshore oil related industries,is the opposition to the unionisation of, and negotiation with, the workforce which is exhibited by many managers in the oil related industries - both as individuals and as the implementers and spokesmen of company policy. This opposition is based both on ideological and pragmatic motives. In an ideological sense, many managers in the oil related sector regard trade unions, and the 'extremist' socialism with which they explicitly associate trade unions, as being anathema to the philosophies of free enterprise and individualism which underpin

the approach of management in the majority of oil related establishments to business,in general, and industrial relations, in particular. Pragmatic opposition to trade unions and collective bargaining is interlinked with the ideological based opposition, and stems from management fears that recognition of trade unions, and the commensurate organisation of the offshore oil related workforce by independent power groups - the trade unions - would make the oil extraction industry and its support industries particularly vulnerable to industrial action. The high cost of operations in the North Sea has been outlined previously (e.g. the operating costs of a production platform were £50m - £200m per annum in 1981) and considerable financial damage would be caused by an unplanned stoppage of operations. The financial vulnerability of the offshore oil industry is compounded by the fact that the operational nature of the industry is such that there are a variety of different work groups which each have a vital function in the production process (In addition to those workers directly involved in exploration and production, related work groups such as helicopter pilots, dockers, supply boat crews, etc., each serve a key role), and an organised stoppage of work by any one group could halt production.

The Aberdeen Peoples Press, whose mistaken vision of a trade union dominated oil industry was quoted earlier, correctly surmised that the oil industry would be particularly vulnerable to trade union organised industrial action, but incorrectly assumed that trade unions would gain the representational rights which are the prerequisite for collective bargaining and effective industrial action. Trade unions have not gained these representational rights because of the ideologically and pragmatically based opposition of management in many oil related establishments (it is

significant that in oil catering - the oil related industry in which collective bargaining is most common - management was not opposed to trade union recognition). The ascendancy of management vis-a-vis organised labour in the oil related industries has been facilitated by the contributory factors which were listed above:- the general economic climate has not been conducive to the development of trade union organisation; the nature of operations in the North Sea oil related industries has prevented trade unions organising effectively; many offshore workers are apathetic or antipathetic towards the role of trade unions, and the absence of legislation designed to extend collective bargaining to the offshore environment has weakened attempts by trade unions to recruit and represent sections of the offshore workforce.

The last noted factor - the absence of legislation supportive to the development of worker representation in the oil related industries - has been fundamental to the continued dominance of management in the relationship with oil related workers. In the absence of such legislation, the entrenched position of management has not been undermined, and industrial relations have remained predominately non-negotiatory - conversely, if such legislation were to be introduced, there would be a shift in the balance of power towards the trade unions. The effect of "pro-union" legislation on industrial relations in oil related industries can be illustrated by examining the situation in the Norwegian sector of the North Sea oil- and gas-fields.

The Northern North Sea oil and gas industry is, in the most literal sense, a "transnational" industry, for the multinational companies which operate in the area, and which are based in both

Aberdeen and Stavanger, function across the imaginary line which marks the extent of the British and Norwegian sectors (Indeed some oil and gas fields actually straddle this line). The line of demarcation between the Norwegian and British sectors, rather than delineating boundaries of operation, is in fact a device for indicating the geographical limits of national legislation. The contrast between respective national legislation in Britain and Norway is particularly marked in the area of employment and labour law.

Norwegian industrial relations have been traditionally underpinned by government legislation and regulation of collective bargaining and have been characterised by extensive use of centralised formal negotiations and national agreements.(5) These features have been extended to industrial relations in the Norwegian sector of the North Sea. As a representative of N.O.P.E.F. (The Norwegian Oil and Petrochemical Workers Union) stated:-

"Our government has, since the offshore activity started, played an active role concerning legislation on employment practices in the Norwegian sector. We believe that we have the best legislation world wide as of to-day".(6)

The effect of Norwegian government employment legislation - which has evidently met with explicit trade union approval - is that about 70% of oil related employment in the Norwegian sector is represented by trade unions(6) affiliated to the Landsorganisasjonen i Norge (The L.O. - the Norwegian equivalent of the T.U.C.) and a further 15% - 20% are represented by non affiliated unions.(7) Thus, almost all oil related workers in the Norwegian sector are union members and are represented by trades unions (This contrasts with the figure of 20% - 30% of total workforce who are unionised,

but not necessarily represented by unions in the British sector). Collective bargaining between the L.O. affiliated unions and the employers association N.O.A.F. (Norwegian Employers Association for Operating Companies) is carried out at national level.(8) The non affiliated "in-house" unions of Phillips Petroleum, Mobile and Elf Aquitaine are represented by an umbrella organisation(O.A.F.) in negotiations. (These "in-house" unions were set up by the companies in the hope that, whilst complying with legislation which required employee representation, negotiation could be avoided in favour of a consultation based relationship. In time, however, these unions exploited government health and safety legislation to develop a negotiating capacity).

The nature of industrial relations in the British and in the Norwegian sectors is thus very different. The system of industrial relations in the British sector is fragmented - formal or informal, and negotiatory or non-negotiatory approaches to industrial relations are evident in different establishments. Collective bargaining agreements are comparatively rare, and where they do exist they are normally negotiated at establishment level. The laissez faire approach to industrial relations which has evolved in Britain has, when applied to the offshore oil related industries, enabled management in many companies to follow a non-unionised, non-negotiatory approach to the relationship with the workforce. The same, or similar companies when operating in the Norwegian sector, have had to alter their approach to industrial relations in order to comply with Norwegian legislation - hence industrial relations in the Norwegian sector are formal, predominantly negotiatory (mainly at national level) and are subject to government regulation and intervention.

This section has provided a general overview of industrial relations in the oil related sector; the following sections will concentrate specifically on management style and industrial relations in the 23 oil related establishments examined in the survey.

(iii) Management Style and the Establishment

The relationship between defined management style and four different attributes of the establishment has to be considered. The four attributes are:- establishment size; establishment ownership and control; establishment location; and establishment membership of employers associations/organisations.

There is a discernible, if not universal, relationship between management style and establishment size in the oil related establishments examined in the survey; the underlying trend being that, as establishment size increases, the incidence of the management styles which are formal and strategic ("functional negotiatory", "sophisticated paternalist", and "consultationary") also increases. (A similar trend was discernible in the non-oil related "traditional" industries). The oil production companies which were examined in the survey were an exception to this general rule, for variations in establishment size were not reflected by variations in management style - the over-riding factor being the extent to which operations were sub-contracted to other companies. In general, however, increasing size of establishment is a correlate of increasing formality in management style - the statistically small sample of establishments covered by the survey precludes more specific examination.

The transnational nature of the oil industry is the salient

feature which must be considered when examining the relationship between management style and establishment ownership and control. Of the 23 oil related establishments examined in the survey, only 2 establishments were locally owned and controlled (one in oil catering, one in oil service/engineering), a further 7 were British national companies (2 oil catering, 2 oil drilling, 3 oil service/engineering) and the remaining 14 establishments were controlled by British or foreign-owned multinational companies. The basic distinction can be made between the multinational companies, which located in the area in response to oil related activity, and the locally and British owned establishments which were founded in response to the development of the oil industry in North East Scotland.

The multinational establishments, with a few notable exceptions (e.g. oil service/engineering establishment A), pursue a policy of non-unionised industrial relations, and hence the defined management style is "sophisticated paternalist" or "autocratic". The influence of industrial relations policy theory emanating from the United States is strong in the multinational sector, in both United States based, and European based multinationals - the underlying attitude being, as Myers states, that :

"Well managed organisations are usually invulnerable to unionization." (9)

In contrast, a number of British companies have adopted a negotiatory approach. This is partly a reflection of the predominance of the negotiatory based approach in the wider context of British industrial relations, and partly a reflection of the fact that trade union presence is strongest (perhaps least weak is a more appropriate term) in the particular sectors of the oil industry - semi-submersible drilling, oil service/engineering and oil catering -

which have a significant level of British ownership.

In general, it can be stated that the high incidence of non-union management style in the oil related industries is directly linked with the high level of multinational (especially United States) ownership and control. The fact that only 2 of the 8 American owned oil related establishments examined in the survey were characterised by a negotiatory management style provides support for this statement, as does the fact that only 3 of the 14 multinational establishments utilised negotiation in the relationship with the workforce.

All the oil related establishments examined in the survey were located in Aberdeen, but conducted at least part of their operations in the offshore sector. The urban/rural location factor, which was a significant feature of the relationship between management style and establishment location in some establishments examined in the 'traditional' sector was thus not of direct relevance to the examination of the oil related sector. However, the fact that operations were located offshore did play a role in hampering trade union activity, as was discussed in the previous section.

In the context of industrial relations, employers organisations were of significance only in the oil catering industry - where all establishments were members of the Catering Offshore Trades Association (C.O.T.A.) - and to a lesser extent in the oil service/engineering industry where the constituent members of the Oil and Chemical Plant Constructors Association (O.C.P.C.A.) are party to a negotiated agreement.

The widespread adoption of the functional negotiatory management style in the offshore catering industry reflects the strength and

standardising effect of multi-employer bargaining in that industry. However, in general, industrial relations in the oil related industries is not characterized by joint negotiation or representation above establishment level - companies normally prefer to act independently, without the constraints which would be imposed by membership of a negotiating employers organisation. The low level of CBI membership (only 7 of the 23 establishments reported membership) may be partly explained by the high level of foreign ownership in the oil related industries.

(iv) Management Style and Industrial Action

The relationship between management style and industrial action in the 23 oil related establishments provides further evidence which supports the general statement made by Edwards and Scullion that the higher the level of workforce control in an establishment the greater the incidence of industrial action.(10) (See chapter 2).

Given that the management styles defined in the 23 establishments were at one or other of the two extremes of level of workforce control (i.e. "functional negotatory", which functions with a significant measure of workforce control, and "sophisticated paternalist" and "autocratic", which are characterized by the absence of workforce participation in control) the variations in the level of industrial action do equate with the existence, or non-existence of a measure of workforce involvement in control. In the 12 establishments at which the management style was defined as "sophisticated paternalist" or "autocratic" (i.e. establishments in which the workforce had no significant influence over control) there had been only a single

reported incident of industrial action - a wage petition had been presented to management in oil drilling establishment B. In contrast, in the 11 establishments in which management style had been defined as functional negotiatory, 6 had experienced establishment strikes, and 9 of the 11 reported some form of industrial action as having occurred.

In section (ii) of this chapter, it was postulated that a major factor underlying the widespread utilisation of the non-union "sophisticated paternalist" and "autocratic" management styles was the desire of management to avoid the potential occurrence of costly industrial action. The results of the survey indicate that the "sophisticated paternalist" and "autocratic" approaches have proved successful in preventing or pre-empting organised industrial action, for there is evidence of a direct relationship between an insignificant level of industrial action and the existence of the "sophisticated paternalist" and "autocratic" management styles.

Conversely, the fact that 9 of the 11 establishments at which the management style was defined as "functional negotiatory" had reported industrial action underlines the fact that where management attempts to accommodate management-workforce conflict by negotiation with independent trade unions (i.e. by adopting the "functional negotiatory" approach) rather than by pre-empting conflict (by utilising the "sophisticated paternalist" approach) or stifling conflict (by using the "autocratic" management style) the process of conflict accommodation is rarely completely successful in preventing industrial action. Conflict of interest is an inevitable consequence of a system of industrial relations which is based on negotiation between the "two sides of industry"; inherent in the

system is the potentiality that this conflict will be manifested as industrial action, irrespective of the degree of sophistication of, and range of methods of conflict accommodation.

(v) Management Style and Collective Bargaining

The attitude towards collective bargaining of management in individual establishments examined in the survey can, with one or two notable exceptions, be summarised as either positive or discreetly negative. (The notable exceptions were overtly negative - for example, offshore drilling establishment E, where the interviewee stated that attempts by trade unions to achieve collective bargaining rights would lead to cessation of operation in the British sector).

Where the attitude to collective bargaining was positive, the approach to industrial relations was based on a formalised collective relationship with the workforce underpinned by negotiation with representatives of the workforce, and sustained by commitment, in terms of manpower and resources, to the personnel function. This approach - the functional negotiatory management style - was evident in some sectors of the oil related industries (in offshore catering, British owned semi-submersible drilling, and service/ engineering) but generally differed in one major respect from the similar approach apparent in the "traditional" industries examined in the survey - the degree of contact between management and workforce, and between management and elected workforce representatives was significantly lower in the oil related industries. In the onshore "traditional" industries management and workforce inhabited a common environment - contact between the two groups was inevitable,

and formal contact with establishment based workforce representatives was readily achieved. In contrast, the nature of operations of the oil related industries entailed sections of the workforce being geographically scattered, and hence contact between onshore based management and the workforce was comparatively rare, and contact between management and establishment based worker representatives problematical. The outcome was that the "functional negotiatory" management style in the "traditional" sector was based primarily on a relationship between management and establishment based worker representatives (the shop stewards), whereas the same management style in the oil related sector placed a greater emphasis on the role of supra-establishment onshore based worker representatives (the full-time officials).

As was shown in chapter 2, collective bargaining can be defined in terms of the level of bargaining, the form of bargaining and the scope of bargaining. Utilising these three attributes - level, form and scope - in the examination of collective bargaining in the 11 oil-related establishments at which the management style was "functional negotiatory" reveals that form and scope of bargaining did not vary markedly between establishments, but that there were significant variations in the level of bargaining.

In the offshore catering industry, bargaining was primarily conducted at a multi-employer level and was supplemented by establishment level bargaining; in the offshore drilling industry the two establishments utilised company level bargaining; and in the oil service/engineering sector bargaining was predominately conducted at establishment level, with federated establishments (a minority) following guidelines negotiated at national level.

The diversity of levels of bargaining evident in the oil related establishments was not reflected in diversity in the form and scope of bargaining. Negotiations were, without exception, formally conducted and the scope of bargaining was generally extensive - the minimum scope of bargaining in any of the establishments included pay, hours of work, discipline, working conditions and health and safety; in the majority of establishments welfare and redundancy were also regarded as being issues for negotiation. Thus, the "functional negotiatory" management style - which was defined in each of the 11 oil related establishments at which collective bargaining was utilised - was related to a formalised form of bargaining, and an extensive or comprehensive scope of bargaining.

In contrast, collective bargaining in any level, form or scope was not a feature of the establishments where management attitude towards bargaining was negative. The approach to industrial relations in these establishments was based on a formal, non-negotiatory relationship with the workforce. Management commitment, in terms of manpower and resources, was channelled into the maintenance of a contented, non unionised workforce, whilst care was taken not to appear overtly hostile towards trade unions. This "sophisticated paternalist" management style was particularly evident in the major oil production companies.

The third management style which was evident in the oil related sector was the "autocratic" management style. The attitude underlying the autocratic approach - the desire to avoid unionisation of the workforce and eschew collective bargaining - matches the attitude underlying the sophisticated paternalist style evident in other oil related establishments, but the approach to industrial

relations lacks the sophistication and commitment of manpower and resources - either because these resources are not suitable (as is the case in some small sized establishments) or because they are not deemed necessary. The small number of overtly "anti-union" managements utilised the autocratic style, but in other instances the main reason for the adoption of the style was not ideology, but a lack of resources.

(vi) Summary

The operational nature and requirements of the oil related industries are such that the non-unionised, non-negotiatory approach to industrial relations is readily sustainable and compatible with the attitude of management in many oil related establishments - therefore, the incidence of the non unionised, non negotiatory management styles ("sophisticated paternalist" and "autocratic") is greater in the oil related industries than in the "traditional" sector.

The survey provided evidence that indicated that both establishment size and establishment ownership correlated with the defined management style; in particular, the strong foreign and multinational presence in the industry can be regarded as an underlying reason for the widespread use of non unionised, non negotiatory based industrial relations in the oil related industries.

Similarly, the results of the survey supported the contention that the level of industrial action varied directly with the degree of workforce control. Industrial action was not a significant feature of the establishments at which management style was defined

as "sophisticated paternalist" and "autocratic" whereas the majority of establishments at which the management style was defined as "functional negotiatory" reported occurrences of industrial action.

Collective bargaining, where it was present, was uniformly distinguished by formality of negotiation and extensive or comprehensive scope; in contrast, level of bargaining varied markedly from industry to industry.

When a detailed examination of industrial relations is undertaken, the oil related industries are revealed as being atypical of British industry in general. Collective bargaining is not the dominant form of industrial relations in the oil related industries, as it is in British industry in general; and where it is utilised (e.g. offshore catering) it is distinguished by a greater tendency towards formality and a stronger emphasis on the role of the full-time trade union official. Management style in the oil related industries is predominately planned, formal, and based in the unitary frame of reference; negotiation is normally eschewed, but where it is espoused it is conducted with commitment.

The Oil related Industries : Commentary - Footnotes

(1) Scottish Economic Bulletin, Summer 1980.

(2) Aberdeen Peoples Press : Oil over Troubled Waters, p.23.

(3) Aberdeen Press and Journal, 15/9/81.

(4) Carson, W.G. : The other Price of Britains Oil, p.

(5) Norwegian Joint Committee on International Social Policy (The Norwegian I.L.O. Committee) : Labour Relations in Norway, chapters 5 and 6.

(6) Letter from secretary of Norsk Olje-Og Petrokemisk Fagorbund (NOPEF), 24/2/82.

(7) Iron and Metal Workers Union, Electrical Workers Union, Carpenters Union, General Workers Union, National Union of Technicians and Supervisors, Norwegian Oil and Petrochemical Workers Union.

(8) Information supplied by NOPEF, 24/2/82.

(9) Information supplied by Norske Operator - Selskapers Arbeidsgiver - Forening (NOAF), 19/2/82.

(10) Myers, Scott : Managing without Unions, p.xxx.

(11) Edwards, P.K. and Scullion, Hugh : The Social Organization of Industrial Conflict, pp.224,254.

CHAPTER 17 :- Conclusion

The two main purposes of this thesis have been, firstly, to develop a typology of management style in the context of British industrial relations, and secondly, to utilise this typology in the examination of management and industrial relations in a specific region of Great Britain - the North East of Scotland.

The typology of management style which was developed in chapter 2 was confined to six broadly defined categories - "functional negotiatory", "superficial negotiatory", "consultationary", "traditional", "sophisticated paternalist" and "autocratic". A more detailed differentiation would have been inappropriate for the feasible sample size.

The typology throws into relief the basic variations in the approach of management to industrial relations, with specific reference to the centrality and formality of collective bargaining. It acknowledges, but leaves deliberately unexplored the further variance that might be explained in terms of the variations in attitude of individual managers. The typology proved of value in the examination of management and industrial relations in the 31 establishments in the non oil related 'traditional' manufacturing sector and the 23 establishments in the oil related sector examined in the survey. Utilising a pre-defined set of indicators to characterise the management style in each establishment, it was shown that collective bargaining was the dominant basis of industrial relations in the 'traditional' manufacturing sector, whereas the majority of oil related establishments exhibited management styles which avoided both the use of collective bargaining and the associated recognition of independent trade unions.

The detailed examination of management style and of industrial relations in the six 'traditional' industries revealed both intra- and inter-industry variations in management style, but the overall pattern was clearly defined - collective bargaining was the norm, irrespective of both the level of formality with which it was conducted, and the extent to which bargaining was central to the day-to-day industrial relations of a specific establishment. It was agreed that the nature of industrial relations in the traditional manufacturing industries examined in the survey did not differ, in general, from that portrayed in contemporary national studies. Thus it could be concluded that the specific regional location was not a significant factor in determining the nature of industrial relations in the majority of "traditional" manufacturing establishments examined in the survey. In terms of industrial relations it is unlikely that an Aberdeen based papermaking establishment, or a Peterhead based manufacturing engineering establishment differed in any major respect from, for example, a Leeds based papermaking establishment, or a Coventry based manufacturing establishment; and the industries with a specific regionally based identity - fish processing, for example - could also be explained in terms of a theoretical typology derived from national characteristics.

The examination of the establishments in the "traditional" manufacturing industries revealed that the development of the oil industry in the North East had not had a significant effect on industrial relations in the "traditional" manufacturing establishments - indeed, a number of interviewees expressed surprise at the lack of impact. It was argued that the two sectors - oil related and non oil related "traditional" manufacturing - were operating almost

completely independent of each other, with little direct competition for manual labour.

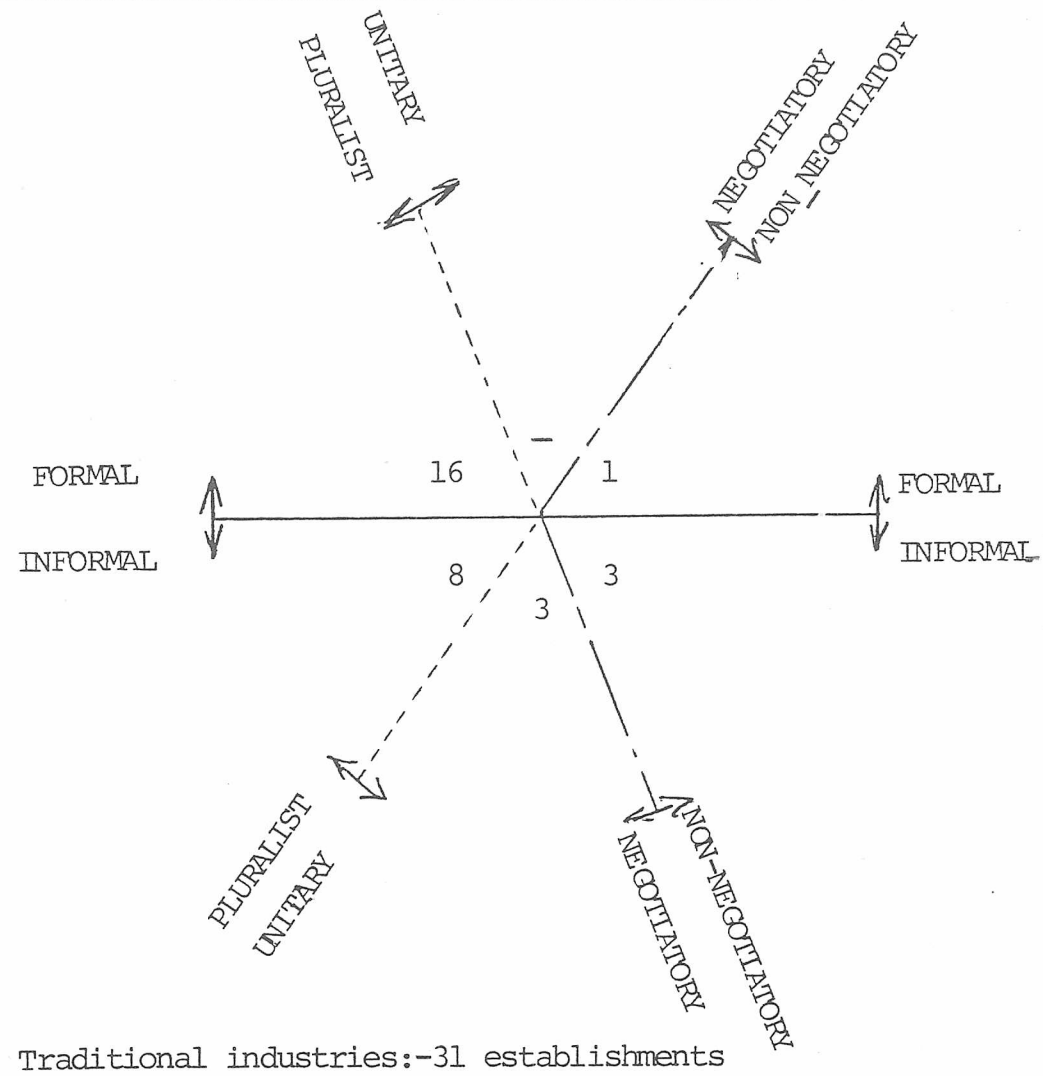
The examination of the oil related industries demonstrated that the conduct of industrial relations in these industries was, in general, markedly different from that in the non oil related industries examined in the survey. Collective bargaining was the exception, rather than the rule in the oil related sector, and the approach of management to industrial relations was predominantly strategic. It was argued that a combination of management ideology and environmental, organizational and economic factors underlay the prevalence of the non negotiatory approach in the oil related sector; it was also shown that, where collective bargaining was utilised, it was conducted in a positive manner based on a formalised relationship with the workforce, and with greater emphasis being placed on the role of full-time trade union officials than was normally the case in the "traditional" industries.

The thesis thus outlined a major dichotomy between industrial relations in the non oil manufacturing sector and in the oil related sector. In the non oil sector collective bargaining was dominant, its use being integral to the conduct of industrial relations, and its prevalence implicitly accepted and unchallenged by management. The major task for management in the field of industrial relations was to conduct collective bargaining - either formally or informally. In the oil related sector, different attitudes prevailed. Collective bargaining was not the norm, and there was a greater reliance on the use of a formal, non negotiatory approach to industrial relations. In the oil related sector either espousal

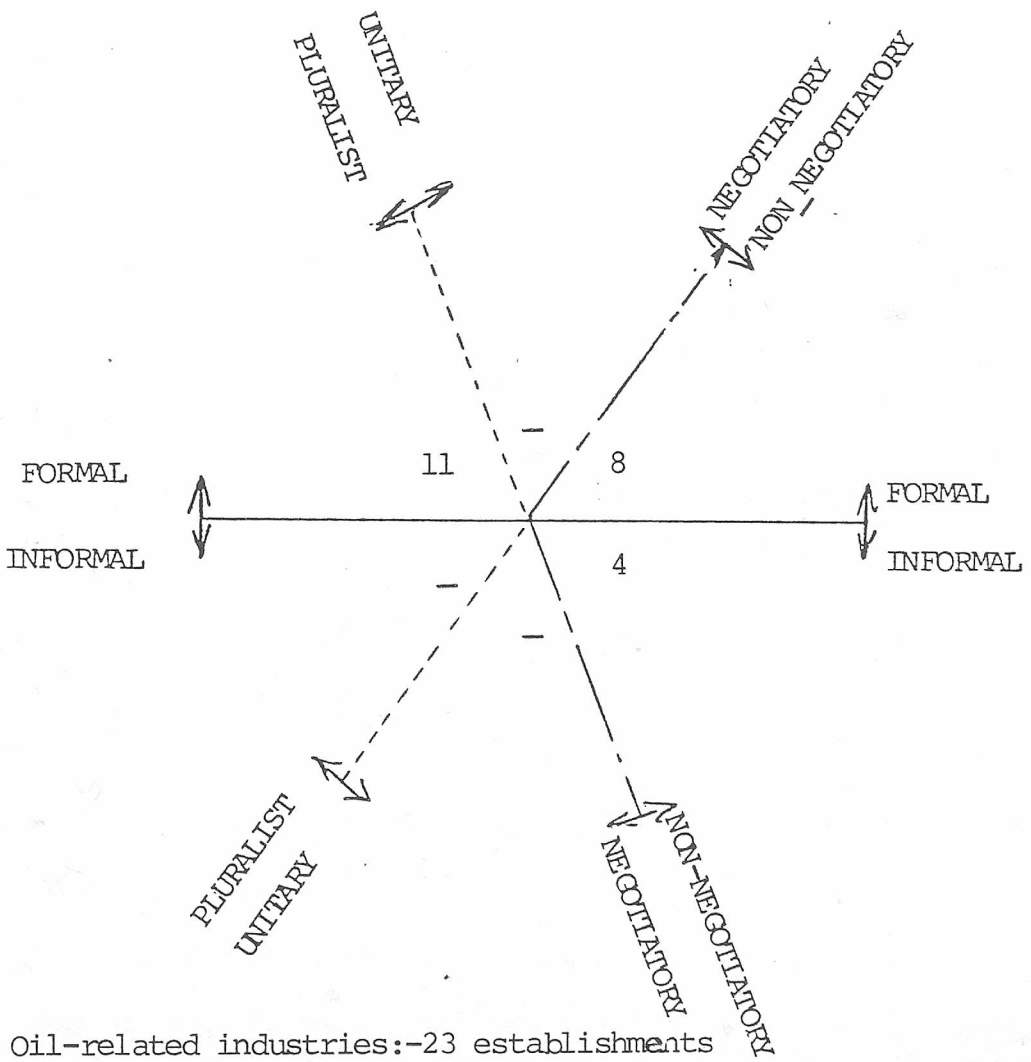
or eschewal of collective bargaining was a matter for positive management action, whereas in the "traditional" sector collective bargaining was normally a fact of life tacitly accepted by management. The dichotomy between industrial relations in the non oil manufacturing sector and in the oil related sector is graphically illustrated in figure B which shows the incidence of the different categories of management style in the establishments examined in the survey. In the traditional industries, the majority of establishments exhibit negotiatory styles of management - the major division being between formal and informal styles. In the oil related industries, the majority of establishments exhibit formal styles of management, the major division being between negotiatory and non negotiatory styles.

The thesis examined the relationship between the defined management style and establishment correlates - the specific attributes of the establishment (establishment size, establishment ownership/control and establishment location) which, it was hypothesised, were directly related to management style. The results of the survey indicated that there was a significant relationship between defined management style and establishment size, and it was argued that the size of establishment, in terms of the number of employees, was a fundamental factor in determining the nature of industrial relations within an establishment. The relationship between management style and the establishment correlates of establishment ownership/control and establishment location was less clearly defined, but it was evident that the high level of foreign ownership in the oil related sector was related to the high incidence of non negotiatory management style in that sector, and it was demonstrated that rural location was often related to 'unitary' perspective of industrial relations - for both

FIGURE B :- Incidence of categories of Management Style



Traditional industries:-31 establishments



Oil-related industries:-23 establishments

management and workforce. It was shown that the defined management style in an establishment was not necessarily related to a specific set of establishment correlates, but that certain general trends were discernible.

The existence and extent of industrial action in the survey establishments was investigated. The salient feature revealed was the comparatively low incidence of industrial action in the oil related sector. It was argued that the low level of industrial action was due in part to specific environmental and organisational factors related to the nature of oil related operations, and in part to a more general relationship between defined management style and the incidence of industrial action. This general relationship between management style and industrial action, revealed in the thesis, was that the management styles which incorporated a measure of workforce influence in the conduct of industrial relations were related to a comparatively higher level of industrial action than was evident in establishments where the management style was such that the workforce did not have a measure of influence.

The survey of establishments underlined the dominance of establishment level bargaining in contemporary British industrial relations, and illustrated that national level bargaining, where it exists, is normally secondary to, and utilised in conjunction with, establishment level bargaining. In examining the relationship between the defined management style and the scope of bargaining, it was revealed that the management styles in which collective bargaining was central to industrial relations were characterized by a wider scope of bargaining than was the case in management styles where collective bargaining was not central to industrial relations - in the latter, the scope of bargaining tended to be restricted to the 'hard' job related issues of pay and hours of work, whereas in the former the scope of bargaining

was wider, incorporating issues such as work organisation and technical change.

This thesis has attempted to illuminate the nature of industrial relations in a particular region of Great Britain, and by doing so has tested the applicability of a theoretically determined typology of management style. The typology proved to be relevant to the task, but could be improved by a further subdivision of the negotiatory based categories, which are the dominant management styles in contemporary British industrial relations, and are likely to remain dominant in the foreseeable future. Management style in an establishment can be defined in terms of one of the six categories incorporated in the typology; but the distribution between categories is uneven, with the "superficial negotiatory" and "functional negotiatory" categories being most common.

In conclusion, this thesis has shown that industrial relations in the non oil related manufacturing sector in North East Scotland conforms to the broader British pattern, whereas industrial relations in the oil related sector is atypical of British industrial relations. The typology of management style developed in the thesis proved equally applicable to the examination of industrial relations in either sector whilst also aiding in the illustration of the basic differences in management approach between the two sectors. The typology thus functioned as a useful tool in the construction of a model of management style and industrial relations in the North East of Scotland. This chapter, and indeed this thesis, should, however, end on a note of caution. The development of a typology of different categories of management approach to industrial relations is of relevance to a comparative study of industrial relations, but can only provide a part

of the explanation of the nature of industrial relations in a particular establishment. Industrial relations in an establishment is a compound mixture - sometimes stable, sometimes unstable - of individual and collective attitudes and actions, and as such is unique to the particular establishment. No framework of analysis can ever hope to reveal a complete picture of industrial relations in an establishment; this thesis has sought to illuminate inter-establishment differences and the impact of a new industry by focussing on differences in management style.

Appendix 1 : The Grampian Region

Most of the statistical material used in this study appertains to the Grampian Region. 'Regionalisation' occurred in 1975, and prior to that date there existed in the area five independent units - the City of Aberdeen, and the Counties of Aberdeen, Kincardine, Banff and Moray.

The problem of statistical comparison pre- and post-1975 is alleviated by the use of statistics compiled by the North East Planning Region, which was the umbrella planning body for the four Counties and the City. The N.E.P.R. also included the County of Nairn and the Cromdale area of the County of Moray, which are not included in the Grampian Region, but these two areas are negligible in terms of overall population and employment, hence comparison pre- and post-1975 remains of significant value. The comparable population estimates in 1974 were:-

'N.E.P.R.'	-	459,268
'Grampian'	-	447,935

(source:- North East Scotland Joint Planning Advisory Committee : The Regional Report (1975), p.4)

Appendix 2 : Questionnaire

The questionnaire utilised in the survey was structured; the information obtained utilising the questionnaire was subdivided under the following headings:-

(A) ESTABLISHMENT INFORMATION

(B) WORKFORCE INFORMATION

(C) ESTABLISHMENT INDUSTRIAL RELATIONS

(D) COLLECTIVE BARGAINING AND THE ESTABLISHMENT

(E) EFFECT OF EXTERNAL ECONOMIC FACTORS

(F) MANAGEMENT AND INDUSTRIAL RELATIONS

(G) ESTABLISHMENT INDUSTRIAL RELATIONS DATA

(H) PERSONAL DATA

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