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**Employee Involvement in the UK Workplace in the 1970s**

This analysis of employee involvement in the management of the workplace in the UK in the 1970s contributes to understanding of Business Beyond the Firm in three ways:

[1] It explores how relationships between business and other organisations, in this case trade unions, shaped business strategies and practices. Large private sector manufacturing firms operating in the UK in the 1970s generally recognised trade unions for wage bargaining and other operational matters but were extremely reluctant to dilute managerial sovereignty in the firm and the workplace, particularly where strategic questions were involved. Sophisticated employers responded to trade union calls for enhanced industrial democracy by offering to develop extant workplace employee involvement initiatives. These were presented as alternatives to trade union calls for worker directors, which employers successfully resisted.

[2] It offers perspective on the differential quality of the world beyond the firm in different national or regional environments. Thelen and Hall's recent work on Varieties of Capitalism refers to the impact on firms of the 'sociological underlay'. In the UK in the 1970s this sociological underlay included powerful anti-trade union sentiments in business, low trust attitudes among workers, and an economic environment that inhibited the transmission of employee involvement proposals into meaningful practice.

[3] It explores the political activism of UK business leaders, in the 1970s and into the 1980s. This involved building and developing relations with the Conservative Party, in

opposition to the Labour government's Industrial Democracy proposals before 1979, and then strengthening the Conservative government's anti-union agenda in the 1980s.

The paper builds on the author's recently published work in *Business History* on Industrial Democracy in the 1970s, moving the focus more explicitly to developments in the workplace and the firm, and is based on a variety of business and government archive materials and published reports and surveys.

**Analysis**

1. Tea and Toilets: Employee Involvement – and Unions – in the UK Workplace

The key Employee Involvement issue in the UK in the 1970s was the 1974 Labour government's proposal that provision be made for the establishment of worker directors: employees or employee representatives, elected or nominated through union channels, on company boards. Business resisted this proposal, partly by pointing to extant and developing employee involvement arrangements in private industry. These were said to be vital mechanisms for engaging employees in the daily business of running the affairs of their company, and were jeopardised – in ways that were unexplained – by the worker director proposals.

This section explores the character of employee involvement in UK workplaces in the mid-1970s, during the 'Bullock' years, the period from the election in 1974 of the Labour government that forwarded proposals for enhanced industrial democracy, through the life of the Committee of Inquiry this government appointed to examine the issue, chaired by Alan Bullock, the Oxford historian, to 1978, when the government published a White Paper on industrial democracy that essentially

reflected business criticism of worker directors.[1] The emphasis here is on the 'low intensity' of employee involvement mechanisms in the UK workplace during these years: they focused on operational rather than strategic matters, tea and toilets rather than capital investment or plant location and relocation; they tended to be consultative rather than executive.[2]

The low intensity character of employee involvement was captured in a survey of attitudes to and practices in industrial democracy in 296 companies across Standard Industrial Classification categories, commissioned by the Department of Employment, and conducted from March to May 1976. The existence in collective bargaining of 'non-negotiable issues' was acknowledged by 65 per cent of directors interviewed and 50 per cent of managers: the two most commonly identified by each of these categories were the high order strategic questions of capital investment and new products/future planning.[3] The same cohort of directors and managers, asked about the character of industrial relations in their firms, said that these were either very good, 58 per cent of directors and 59 per cent of establishment managers, or fairly good, 39 per cent of directors and 33 per cent of establishment managers.[4] Two important points can be drawn from this. First, the majority of directors and managers were unwilling to involve employees in high order strategic decision-making, despite their relatively positive view of the quality of industrial relations in their firms. Second, the apparently harmonious quality of establishment-level industrial relations in British private sector enterprise contrasts starkly with the macro-level or peak-level narrative of chaotic disorder in industrial relations in the UK in the 1970s.

Opposition to worker directors was led by a group of British multinational chairmen who met regularly at Imperial Chemical House in London, headquarters of

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[1] *Report of the Committee of Inquiry on Industrial Democracy*, Cmnd. 6706. London: HMSO, 1977; *Industrial Democracy*, Cmnd. 7231, HMSO, May 1978.
[2] Herman Knudsen, *Employee Participation in Europe.* London: Sage, 1995.
[3] Ian B. Knight, *Company Organisation and Worker Participation. A survey commissioned by the Department of Employment of attitudes and practices in industrial democracy with special emphasis on the prospects for employee directors* (London, HMSO, 1979), pp. 2-5, 33.
[4] Knight, *Company Organisation and Worker Participation,* Table 38D, p. 143.

ICI, including Sir Arthur Knight of Courtaulds, David Orr of Unilever, Peter Baxendell of Shell UK, Hector Laing of United Biscuits and the Food and Drink Industries Council, and John Methven of the CBI, which buttressed this multinational-level approach by mobilising small and medium enterprise opinion.[5] ICI employed 142,000 people in the UK in the early 1970s, and 52,000 overseas. The company had a long history of commitment to low intensity employee involvement mechanisms, which its leadership was keen to emphasise. Jack Callard, Chairman of the firm until 1976, and one of the business members of the Bullock Committee who wrote a 'minority' report that dissented from the views of the academic and trade union 'majority', had first joined ICI in 1935. His colleague and successor as Chairman in 1976, Rowland Wright, who in the early 1970s was ICI's Director with responsibility for industrial relations matters, had joined the firm at Grangemouth in 1937. Both told the authors of a study of boardroom attitudes to industrial relations in 1972 that ICI had taken a 'pioneering' role in the development of employee involvement from its early and formative years in the 1920s, and updated this in the 1960s.[6] ICI's arrangements, summarised by Wright in a discussion of the Bullock majority report's worker director proposals with the Prime Minister, James Callaghan, and other multinational chairman in February 1977, involved works-level consultative committees, under divisional committees and a company committee, chaired by Wright himself. David Orr of Unilever spoke about the arrangements in his firm's Bird's Eye and Lever Bros divisions, where there were company councils that could 'discuss' various questions, including reorganisation, future investment, and plant and line closures.[7]

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[5] Modern Records Centre, University of Warwick (hereafter MRC), MSS.200/C/3/DG3/96, Wright to Methven, 18 February 1977, with note of meeting at Imperial Chemical House, 15 February 1977Jim Phillips, 'Business and the Limited Reconstruction of Industrial Relations in the UK in the 1970s', *Business History*, 51, 6 (2009), 801-16.
[6] George Bull in collaboration with Peter Hobday and John Hamway, *Industrial Relations: The Boardroom Viewpoint* (London: Bodley Head, 1972), pp. 103-5, 194-5.
[7] TNA: PRO, PREM 16/1321, Meeting in Cabinet Room at 1530 on 23 February 1977 to discuss Industrial Democracy.

These were potentially significant issues. But the relatively low density of the involvement mechanisms in these firms – particularly when measured against the Bullock majority proposals for the participation of workers in strategic decision-making at board room level – is fairly clear. They contributed to an overall pattern of employee involvement arrangements, including Joint Consultative Committees, that were developing in scale and reach in the 1970s, but which were immature, and went into fairly precipitous decline in the first half of the 1980s, in the context of the contraction of private sector manufacturing, trade unionism, and the onset of enhanced competitive pressures. The renewed focus on cost as the source of competitive advantage in the generality of UK businesses pushed the quality agenda and employee involvement more broadly to the outer margins of corporate life.[8] The opportunistic nature of employee involvement in the 1970s was privately conceded by the Personnel Director of Guest, Keen and Nettlefolds, John Parsons, in correspondence with John Methven. Parsons summarised the various stimuli of demands for employee involvement – to counter the dilution of worker influence in bigger firms, including multinationals, the decline of deference in the workplace as well as in society at large, and thwarted employee potential – and warned that ignoring these forces would feed the 'extremely dangerous, politically motivated activities of the Institute of Workers' Control', an academic body based at Hull University with links to the labour movement.[9] Parsons added that management by consent – through the type of Employee Councils used at Guest, Keen and Nettlefolds, which provided information and consultation – was a price worth paying to avoid the type of enhanced worker power envisaged by the IWC and others, including an emphasis on worker control.[10]

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[8] Neil Millward and Mark Stevens, *British Workplace Industrial Relations, 1980-1984* (Aldershot: Gower, 1986), pp. 36-53, 151-65
[9] Ken Coates and Tony Topham, *Industrial Democracy in Great Britain: a book of witnesses and readings for workers' control* (London: MacGibbon & Kee), 1968.
[10] MRC, MSS.200/C/3/DG3/96, Parsons to Methven, 10 February 1977.

2. Sociological Underlay of Capitalism in the UK: the 'social isolation' of trade unions in the UK

Relations between employers and labour varied – in the 1970s as at other times – across different national or regional environments. Thelen and Hall's recent work on Varieties of Capitalism refers to the impact on firms of the 'sociological underlay'. In the UK in the 1970s this sociological underlay included powerful anti-trade union sentiments in business, low trust attitudes among workers, and an economic environment that – as the preceding section of this paper showed – inhibited the transmission of employee involvement proposals into meaningful practice. This section examines the distinct and marginal social position of trade unions in the UK, to illustrate the particular nature of the political economy in the UK.

A valuable starting point here is the adversarial nature of industrial relations as they developed from the late nineteenth century and into the twentieth century, with the generality of UK employers, as Wilson and Thomson have shown, happy to externalise their labour responsibilities to the market. Bargaining outcomes were, in other words, shaped by the relative strength of capital and labour – or mangers or workers – in relation to the fluctuations of economic and market forces.[11] Adversarial industrial relations were consolidated in the deflationary and competitive environment of the inter-war years, and compounded by electoral considerations. Apposite here is Ross McKibbin's analysis, which emphasises the extent to which the Conservative Party's electoral ascendancy in the 1920s and 1930s, bordering on hegemony, was built on the successful mobilisation of ideologically-determined stereotypes about economic management, unemployment, industrial conflict, trade unions and the working class. A broad anti-labour coalition – the 'public – was constructed on the

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[11] John F. Wilson and Andrew Thompson, *The Making of Modern Management. British Management in Historical Perspective* (Oxford: Oxford University Press, 2006), p. 198.

basis of these stereotypes, which marginalised trade unions as troublesome and 'politically-motivated' opponents of society, adding costs to business, and creating unemployment with unsustainable high wage demands, pursued through malevolent exploitation of monopoly power.[12] Most recent literature probably accepts that unions were marginalised in this way in inter-war Britain, but the Second World War continues to be held as transforming social relations in labour's favour, with the rewards of victory shared – albeit unequally, perhaps – across class and income barriers, and high and stable employment levels in the 1940s and then 1950s contributing to what McKibbin himself calls the post-1945 'redistribution of esteem'. Others write of unions moving in these decades from Trafalgar Square, the site of rhetoric and protest, to Whitehall, the scene of executive action and power, and constituting an 'estate of the realm'.[13]

These were peak-level developments, and their impact on workplace relations is difficult to establish. It is clear, however, that anti-labour narratives became increasingly forceful in debates about economic performance and relative decline from the 1950s onwards. This dynamic was particularly apparent in the 1968 Donovan Report on trade unions and employers' organisations and its various aftermaths, with 'action' on the 'trade union question' increasingly seen as central to the treatment of Britain's economic 'disease' of high inflation, slow growth and low productivity.[14] Donovan's architects – the 'Oxford School' of industrial relations – supported trade unions and collective bargaining, but the net impact of the report's analysis – that there were defects in the 'system' of industrial relations that needed

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[12] Ross McKibbin, 'Class and Conventional Wisdom', in *The Ideologies of Class* (Oxford: Oxford University Press, 1990).
[13] Lewis Minkin, *The Contentious Alliance. The Labour Party and the Trade Unions* (Edinburgh: Edinburgh University Press, 1992); Robert Taylor, *The Trade Union Question in British Politics* (Cambridge: Blackwell Press, 1993).
[14] *Royal Commission on Trade Unions and Employers' Associations* (Donovan), Cmnd. 3623, HMSO, 1968; William Brown, 'The High Tide of Consensus: *The System of Industrial Relations in Great Britain* (1954) Revisited', *Historical Studies in Industrial Relations*, 4, 1997.

rectification – was the further social and political isolation of trade unions in the 1970s.

One workplace or establishment-level measure of this isolation was captured in a 1966 research paper written for the Donovan Commission by Alan Fox, who was at this time associated with the 'Oxford School' before developing in the 1970s a radicalised analysis of industrial relations, focusing on the difficulties of reconciling voluntarist collective bargaining with the incongruities of power in capitalist society.[15] In 1966 Fox wrote about the 'unitary' frame of reference adopted by the predominant proportion of directors and managers in the UK in conceptualising their own organisations. This impaired their capacity to understand – and so avoid – industrial conflict, which they regarded as an illegitimate challenge to the sovereignty of employers rather than an expression of the legitimate and separate material interests of employees.[16] The force of managerial and employer sovereignty – and management's unitary style – captured in Fox's analysis found important echo in the 1976 Department of Employment-commissioned industrial democracy survey. Here there was a strong emphasis in directors' responses to a question about the best means of accessing employee views on the value of informal channels: 'walking round and chatting to people', or, less self-knowing still, 'if anyone's got anything to say they come and say it'.[17] This cohort of directors and managers combined two clearly contradictory collective positions, which suggested the existence of a broad unitary consensus within business leadership in the UK: 86 per cent of the directors and 70 per cent of the establishment managers agreed with the proposition that the interests of workers and management were 'the same'; yet 68 per cent of these

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[15] Alan Fox, 'A Note on Industrial Relations Pluralism', *Sociology*, 13, 1979; Obituary of Alan Fox by Tony Topham, *The Guardian*, 6 August 2002.
[16] Alan Fox, *Industrial Sociology and Industrial Relations; Royal Commission on Trade Unions and Employers' Associations, Research Papers, 3* (London: HMSO, 1966).
[17] Knight, *Company Organisation and Worker Participation*, p. 40.

directors and 64 per cent of these managers were opposed to board-level worker involvement.[18]

This business approach to employee involvement, incorporating the opposition to higher intensity strategic participation examined in the preceding section, coupled with unitary managerialist attitudes, contributed to the 'low trust' workplace and industrial relations environment in the UK. This was reflected in trade union politics and attitudes also. The industrial democracy agenda was championed by the UK's largest union, the Transport and General Workers' Union, with its left-leaning leadership, which saw enhanced involvement as the best means of influencing issues at company level that were outside collective bargaining's remit.[19] Such analysis gathered support from skilled workers – including engineering employees – as well as general workers, according to evidence published in the 1976 Department of Employment-commissioned survey.[20] Yet there remained an influential strand of union thinking, which had been presented to the Donovan Commission in the 1960s,[21] that higher order employee involvement – whether by level of strategic importance, such as production location, or hierarchical position, notably board room presence – was a managerial trap.[22] Frank Chapple, General Secretary of the skilled electrical and engineering workers' union, the EETPU, and politically on the right of the Labour Party, opposed Bullock's proposals for worker directors on this basis. He told the Trades Union Congress leadership in June 1977 that this was the view of his electrical engineering shop stewards also, some of whom had recently told him that 'if you go to live in Australia, you end up talking like

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[18] Knight, *Company Organisation and Worker Participation*, pp. 42, 52

[19] Michael Gold, 'Worker Directors in the UK and the Limits of Policy Transfer from Europe since the 1970s'. *Historical Studies in Industrial Relations*, 20, 2005, pp. 29-66, and especially pp. 30-6, 46.

[20] Knight, *Company Organisation*, 53, 151: Appendix Table 49D, 'Attitude to worker directors of sampled employee representatives analysed by union membership'.

[21] Cmnd. 3623, 258-60.

[22] Colin Crouch, *The Politics of Industrial Relations*. Glasgow: Fontana/Collins, 1979, pp. 107-9.

Australians'. Worker directors would be 'socialised by their new responsibilities and absorbed into management'.[23]

This 'low trust' industrial relations context – bound up in the relative social isolation of trade unions, when measured against the greater embeddedness of labour in other European societies and economy, notably those of Scandinavia, and the German Federal Republic – is an element in the UK's arguably distinctive political economy. It certainly adds weight to the models of comparative political economy developed within the Varieties of Capitalism literature, with the UK positioned broadly as a 'liberal market economy', exhibiting a mix of, *inter alia,* shareholder sovereignty, short-run financial considerations, and unregulated labour markets, distinct from the Scandinavian- and German-type 'coordinated market economy', distinct, with its regulated labour and capital markets, and longer-running financial considerations.[24] The multinational chairmen and other business figures who opposed worker directors in the 1970s, while expounding a commitment to low intensity employee involvement, were searching for the type of harmony or match between competitive strategy and institutional arrangements that appears to be seen as desirable in the Varieties of Capitalism literature.[25] In the UK the dominant business strategy was on cost competition, which prized labour flexibility, or expendability, while in the Federal Republic of Germany the emphasis was on product differentiation, where incremental improvement through engaged employee involvement was more desirable.[26] It is therefore plausible to hypothesise, as some management scholars do, the existence of a 'fit' in a UK context between low intensity employee involvement and low trust

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[23] MRC, MSS. 292D/574.93/1, F. J. Chapple, General Secretary, EETPU, to Len Murray, General Secretary, TUC, 3 June 1977.

[24] Peter A. Hall, and David Soskice, 'An Introduction to Varieties of Capitalism', in Peter A. Hall and David Soskice, eds, *Varieties of Capitalism. The Institutional Foundations of Competitive Advantage* (Oxford: Oxford University Press, 2001), 1-70, especially 8-9.

[25] Chris Howell, *Trade Unions and the State. The Construction of Industrial Relations Institutions in Britain, 1890-2000* (Princeton: Princeton University Press), 2005; Chris Howell, 'The British Variety of Capitalism. Institutional Change, Industrial Relations and British Politics'. *British Politics*, 2, 2007, pp. 239-63.

[26] Kathleen Thelen, 'Varieties of Labor Politics in the Developed Democracies', in Hall and Soskice, *Varieties of Capitalism*, pp. 71-103.

industrial relations – or Human Resource Management in contemporary conceptualisation – on the one hand and a low cost/cost controlling competitive strategy on the other hand.[27] The social isolation of trade unionism in the UK was, however politically contentious and ideologically driven, perhaps an integral feature of this 'fit'.

3. Business activism

Business sought to strengthen its competitive position in the UK by consolidating the social isolation of trade unions through state policies. This may be a familiar observation. What can be said, however, with greater originality, is that business in the UK rationalised its activism in this area by articulating in the 1960s and especially the 1970s a distinct anti-union interpretation of the 'declinist' narrative of post-1945 British economic performance. This identified the existence of 'poor' industrial relations as a causal factor in the relatively slow rate of economic growth, particularly from the 1960s onwards, and involved a substantial distortion of the character of trade unionism, exaggerating its economic and industrial power, and arguably traducing its political orientation.

Business anti-unionism became more emboldened in the 1980s, in the context of Thatcherism's political ascendancy. But even in the early 1970s the taste of anti-unionism pervaded business discussions of industrial relations. This came into focus on the question of industrial democracy, explored in the first two sections of this paper, and was evident elsewhere, in attitudes to the closed shop, for example. This was described in 1972 by Sir Stephen Brown, then of Stone-Platt Industries and a former President of the Engineering Employers' Federation and the CBI as a fact of

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[27] Peter Boxall and John Purcell, *Strategy and Human Resource Management* (Basingstoke: Palgrave, 2008), pp. 7-9.

industrial life but 'morally and ethically wrong'.[28] Ideologically-driven characterisations of trade unionism were prevalent too in business discussions of industrial relations policy and reform. Rowland Wright, when ICI director responsible for industrial relations, praised the Conservative government's Industrial Relations Act of 1971, which encompassed complex and ultimately, it proved, unenforceable legal mechanisms for preventing strikes.[29] Wright claimed that without the legislation 'anarchy could have reigned supreme'.[30] This was a gross exaggeration of the scale of industrial unrest in the early 1970s. The overwhelming majority of employees were rarely or never involved in industrial action in the UK in the 1970s. Despite the 'emergence' of the 'national' strike in the 1970s, the overwhelming majority of individual disputes were actually concentrated – as they had been in the 1960s – in a small number of departments or sections, in a small number of plants, in a small number of industrial sectors.

The longer narrative of decline, union misbehaviour, and the need to restore managerial sovereignty, and bridging from the 'chaotic' 1970s to the Thatcherite 'stability' of the 1980s, can be read, finally, by brief examination of the role in business activism of personal relations between corporate and political leaders. One of the multinational chairmen who led the resistance to worker directors in the 1970s was Hector Laing of United Biscuits and the Food and Drink Industries Council. Laing counted the leader of the Conservative Party, Margaret Thatcher, as a 'friend', and lobbied her assiduously in 1977, along with one of his associates, Sir Marcus Sieff, Marks and Spencer's Chairman. Laing told Thatcher that worker directors, even in a minority and simply on advisory boards, in a two-tier structure, which some business leaders were willing to concede, would be disastrous for enterprise, curtailing managerial sovereignty. They would also ruin the voluntary participation mechanisms

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[28] Bull, *Industrial Relations*, pp. 86-7.
[29] Robert Taylor, 'The Heath government and industrial relations: myth and reality', in Stuart Ball and Anthony Seldon (eds.), *The Heath Government, 1970-1974: a Reappraisal*, London, Longman, 1996, especially pp. 161-4.
[30] Bull, *Industrial Relations*, p. 93.

that 'progressive employers' such as United Biscuits had been developing, despite the apathy or opposition of trade unions, which had been 'making little effort'. Thatcher moved the Conservative Party in to a position of total opposition to any kind of board room worker involvement.[31] In government from 1979 onwards, with Laing's 'friend' Thatcher as Prime Minister, the Conservative government moved legislatively in incremental steps to 'rebalance' industrial relations firmly in favour of employers. A sequence of measures on strikes, picketing, closed shops and trade union regulations, coupled of course with an approach to economic management that accelerated greatly the decline in employment in sectors where union density had been relatively strong, greatly reduced the agency and force of organised labour. This was vividly illustrated by the great but doomed strike of coal miners, in opposition to pit closures, from March 1984 to March 1985. The political purchase of the miners had been weakened by changes in energy supply, with the development of oil-, gas- and nuclear-based electrical generation, and they faced a government absolutely determined on victory, irrespective of the economic price, which probably topped £6 billion in lost economic activity, tax revenues, policing costs and additional coal imports.[32] But they were also weakened by their internal divisions, with substantial numbers, notably in Nottinghamshire, ignoring the strike and continuing to work. These miners were encouraged to do so by the government, and supported financially by wealthy individuals and business figures. Hector Laing, still at United Biscuits, was a key figure in this respect, writing to the heads of a hundred or so companies to request donations, which – amounting to £500,000 – he channelled to the working miners through Michael Hart, another Thatcher admirer, enabling them, among other things, to sue their trade union in the High Court in London for not

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[31] MRC, MSS.200/C/3/DG3/96, Hector Laing to Margaret Thatcher, 2 February 1977.
[32] Jim Phillips, 'Energy and Industrial Politics in the UK: the miners' strikes of 1972, 1974 and 1984-5', *Scottish Industrial and Business History*, 25 (2009), pp. 56-72.

holding a national ballot of members prior to the strike.[33] The outcome – further

highlighting the long-running social and political isolation of trade unionism in the UK

– was a legal ruling that the strike in England and Wales, although not in Scotland,

where the separate jurisdiction would take the opposite view, was illegal, and the

union's funds were sequestered.[34]


Conclusion


This paper has examined key workplace and industrial relations elements of the

world beyond the firm for UK business in the 1970s. The emphasis has been on the

importance – when considering the peculiarities of particular political economies – of

what Thelen and Hall call the 'sociological underlay'. In a UK sense, when exploring

the related questions of corporate competitive advantage, workplace relations,

employee involvement, and managerial sovereignty, this involves an important long-

running ideological and historical continuity: the social marginalisation – isolation,

even – of trade unionism. This was the product historically – from the nineteenth

century onwards – of the adversarial nature of industrial relations in the UK,

stimulated further by electoral politics and prejudices in the interwar years, with the

Conservative Party developing an ideological frame of reference that differentiated

an irresponsible and alien trade unionism from the constitutional and mainstream

public, to the extent that the social isolation of organised labour survived even the

'solidarity' and 'redistribution of esteem' of the Second World War. In the 1960s and

1970s the isolation of trade unionism was an important component of business

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[33] Jonathan Winterton and Ruth Winterton, *Coal, Crisis and Conflict* (Manchester: Manchester University Press, 1989), pp. 171-8.
[34] Eric Clarke with Bob McLean, 'The Mineworkers' Strike 1984-5: the Role of the Scottish Area as Banker to the Union, *Scottish Affairs*, 49 (2004), 138-50.

politics and business strategy, designed to 'fit' and strengthen business flexibility and competitiveness.