2017-01-01

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10.1111/irj.12164
Industrial Relations Journal
Wiley

The Management of Discipline and Grievances in British Workplaces: the evidence from 2011 WERS

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Accepted for publication in the Industrial Relations Journal on 8/12/16.

Abstract

This study tests the assumptions and prescriptions of the Gibbons' Review of Dispute Resolution in the UK. Contrary to these, the formalisation of dispute resolution has continued and is not strongly related to the level of disputes or tribunal cases nor is the use of mediation which is complementing not replacing formalisation.

Acknowledgement

We acknowledge the financial support of Advisory, Conciliation and Arbitration Service for the first earlier stage of the work on which the paper is based; and the Department for Business, Innovation and Skills, the Economic and Social Research Council, the UK Commission for Employment and Skills, the Advisory, Conciliation and Arbitration Service and the National Institute of Economic and Social Research as the originators of the 2011 Workplace Employment Relations Study data, and the Department of Trade and Industry, the Economic and Social Research Council, the Advisory, Conciliation and Arbitration Service and the Policy Studies Institute as the originators of the 2004 Workplace Employment Relations Survey, and the UK Data Archive at the University of Essex as the distributor of the data. The National Centre for Social Research was commissioned to conduct the survey fieldwork on behalf of the sponsors. None of these organisations bears any responsibility for the authors' analysis and interpretations of the data.

1. Introduction

Individual employment disputes have been given more salience by both policy makers and scholars as the collective regulation of employment has been progressively eroded and strikes and other collective expressions of conflict have become rare. In Britain in particular, the increasing individualisation and formalisation of the management of conflict has been a significant feature of contemporary employment relations.

Following the introduction of the right to claim unfair dismissal in 1972, and the first Acas Code of Practice on Disciplinary and Grievance Procedures in 1977, written procedures for handling disciplinary matters and employee grievances have become almost ubiquitous in British workplaces. By 2004, 91 per cent of workplaces had formal disciplinary procedures and 88 per cent had formal grievance procedures (Kersley et al, 2006: 215). This spread of procedures over three decades was primarily driven by employers' concerns over the threat of litigation (Edwards, 1994; Saundry and Dix, 2014). However, it also reflected the State's belief that disciplinary and grievance procedures were a way of underpinning 'good employment practices' (Department of Trade and Industry, 2001: 14) and a means through which workplace order could be maintained and conflict contained.

Subsequently, minimum statutory procedures for dismissals and grievances were introduced in 2004 to encourage their further adoption among small- and medium-sized enterprises (SMEs), where written procedures were less common. While trade unions supported the statutory route, employers and some politicians viewed such provisions as another example of escalating employment regulation being a drag on organisational efficiency, and expressed concerns that SMEs, in particular, were more vulnerable to litigation (Department of Trade

and Industry, 2007).

The then Labour government addressed these concerns by initiating a review of the UK's system of dispute resolution which reported in 2007, and became known, after its chair, as the Gibbons Review. This argued that the use of statutory procedures deterred early resolution, encouraged defensive postures and intensified conflict. Consequently, the 2008 Employment Act abolished statutory procedures and provided for a shorter and less prescriptive Acas Code of Practice on Disciplinary and Grievance Procedures. The revised Code, however, retained the core elements of the statutory procedures. In addition, the Coalition government (2010–15) followed the call made by Gibbons to promote the use of mediation as a means of early dispute resolution. Most significantly, Acas included a reference to mediation in the foreword to the revised Code. Subsequently, the Coalition government sought to continue to increase the freedom given to management by reducing the risks of litigation for employers, primarily through the introduction of employment tribunal fees (Hepple, 2013; Ewing and Hendy, 2012). Furthermore, the promotion of alternative dispute resolution methods through the extension of Acas conciliation and the active support of workplace mediation has continued.

It is too early to assess the full impact of the post-2010 employment tribunal reform (although the number of tribunal cases has fallen), but national data from the 2011 Workplace Employment Relations Study (WERS), combined with data from 2004 WERS, provide the first opportunity to assess developments following the Gibbons-inspired changes and the abolition of statutory regulation of dispute resolution. Using these data, we address three questions: first, was the increased proceduralisation of workplace dispute resolution reversed or at least arrested between 2004 and 2011? Second, to what extent has mediation become

part and parcel of British employment relations? Third, how have workplace procedures and mediation affected the outcomes of workplace disputes such as disciplinary sanctions, dismissals, grievances and employment tribunals?

It is not possible to explore the precise impact of either the introduction of statutory procedures in 2004 or their abolition in 2009 using data from the WERS series, as these changes straddle the conduct of the 2004 and 2011 surveys. Any changes over the period could be due to either of these reforms, and some workplaces may have reacted to both. Nonetheless our focus is the changes in trends: whether the rise of formal procedures and very limited use of mediation has been reversed. If such changes have begun, we might be justified in linking them to post-Gibbons policy. On the other hand, if no such changes are observed we have strong grounds for concluding the policy change has not had a major effect, at least by 2012.

We open the paper with a more detailed examination of the developments in public policy, before setting out the research questions that our empirical analysis will address and presenting the current evidence relating to these questions. We then outline our use of 2011 WERS and the measures and models employed in our multi-variate analysis. The results of our empirical analysis are then reported. Finally, we discuss their implications for our research questions and possible developments in the management of individual conflict.

2. The changing public policy context of UK dispute resolution

The system of dispute resolution in Britain has its origins in the conclusions of the Donovan Commission (Royal Commission on Trade Unions and Employers' Associations 1965-1968,

1968:143) which highlighted the role of disciplinary issues in triggering collective industrial action and expressed concern that employers' perspectives on discipline often "automatically prevail[ed] over the employees" (*Ibid*). The right to claim unfair dismissal, which was introduced by the then Conservative Government in 1971, and the expansion of the Employment Tribunal system was aimed at remedying this power imbalance and minimising workplace conflict.

Faced with a new threat of litigation, employers increasingly developed written procedures to deal with disciplinary matters and employee grievances (Edwards, 2000). In doing this they were guided by the first Acas Code of Practice on 'Disciplinary Practice and Procedures' which outlined best practice and was used in employment tribunals as a reference point when gauging procedural fairness in dismissal cases. Prior to the introduction of the right to claim unfair dismissal, written disciplinary procedures existed in only a small minority of workplaces (Anderman, 1972). However, within two decades, they were present in approximately 90% of workplaces employing 25 employees (Millward, Stevens, Smart and Hawes, 1992). By 2011 88% of workplaces, with five or more employees, had such procedures in place (van Wanrooy, et al., 2013).

The idea that formalisation of disciplinary and grievance procedures was a means of facilitating effective dispute resolution was further cemented by the Labour government led by Tony Blair which came to power in 1997. In the face of rising numbers of employment tribunal claims (Dix, Forth and Sisson, 2009), the government introduced a range of measures to "encourage employers to put proper voluntary systems in place" (Department of Trade and Industry, 1998:16). These included increasing the cap on compensation for unfair dismissal and the introduction of the right to be accompanied at disciplinary and grievance

meetings. More significantly, the Employment Act of 2002 established, for the first time, minimum statutory dismissal and grievance procedures, through the 2004 Dispute Resolution Regulations. Essentially, three key principles had to be followed: the nature of the issue had to be set out in writing, a meeting had to be held at which a decision would be made, and the employee had to be given a right to appeal that decision. The move towards legal compulsion was primarily aimed at those SMEs that were still not covered by written procedures. WERS2004 found that almost one quarter of those employing 5–9 employees and 17% of those with 10–19 employees, had no procedure for handling individual disputes relating to discipline or dismissal. By filling this procedural gap the government hoped to minimise the number of cases progressing to the employment tribunal.

Some commentators argued that, because many organisations had procedures that extended beyond the three core principles, the new measures represented a levelling down of employment protection (Hepple and Morris 2002; Sanders 2009); but these criticisms were matched by those of employers' organisations, such as the CBI, which claimed that the procedures were unnecessarily bureaucratic. Consequently with no significant decline in employment litigation**,** the locus of the public policy debate shifted from viewing procedures as enablers of resolution to concerns that their rigid application could crowd out less formal approaches. These concerns were crystallised in the Gibbons Review (Gibbons 2007: 7) which argued that the imposition of statutory procedures encouraged unnecessary formality in dispute handling and this in turn exacerbated conflict and increased the likelihood of litigation; procedures were not encouraging early resolution of disputes, but rather were used "to deal with problems which could have been resolved informally". Inappropriate use of formal processes, it was argued, wasted management time and heightened the stress of employees. Furthermore, their use fostered defensive attitudes and this escalated problems.

The Employment Act 2008 repealed the Dispute Resolution Regulations following the recommendations of the Gibbons' Report. In addition, it provided for the introduction of a revised and simplified Acas Code of Practice on Disciplinary and Grievance Procedures, which significantly retained the three key principles of the statutory procedures. This was intended to provide employers with greater flexibility and room for manoeuvre, nonetheless tribunals were empowered to increase or reduce compensatory awards if either party had unreasonably failed to adhere to the Code. This followed Gibbons' (2007: 10) suggestion that incentives be introduced to encourage compliance with the Code and that tribunals should take into account the "reasonableness of behaviour and procedure when making awards and cost orders".

Gibbons also called on the government to "challenge all employer and employee organisations to commit to implementing and promoting early dispute resolution". To encourage this, Acas's power to conciliate in a dispute before an employment tribunal claim was submitted was amended to a statutory duty. Moreover, Gibbons (2007: 5) set out a vision "of a greatly increased role for mediation" as a means for achieving early resolution. The introduction of mediation in the foreword to the revised Acas Code of Practice reflected this ambition, as did the more extensive discussion in the accompanying Guidance. Also, the Coalition government embraced the spirit of Gibbons, claiming that mediation could lead to improved "employer-employee relationships, the development of organisational culture and the development of "high-trust" relationships" (Department of Business, Innovation and Skills, 2011: 3).

3. Research Questions

The underlying diagnosis of Gibbons was that procedural formalisation was crowding out the use of informal methods that were both more likely to lead to resolution and more in tune with the culture of smaller workplaces. The strongest interpretation of Gibbons' expectations might be that the measures introduced by the Employment Act 2008 would encourage more informal approaches to disciplinary and grievance issues, with a looser application of procedure and reduced adherence to the key principles of the Acas Code. In turn, it could be argued that this would facilitate the early resolution of conflict and therefore reduce the incidence of disciplinary sanctions, formal grievances and employment tribunal claims. A weaker interpretation would be that the spread of formal procedures and their more rigid application might continue, in part because of the continued threat of litigation; also any impact may be lagged as some employers' awareness of employment regulation may be limited (Jordan, Thomas, Kitching and Blackburn, 2013). We might though expect an increased use of mediation and that this might cause some reduction in the incidence of disputes and employment tribunals by facilitating the resolution of issues at a relatively early stage.

In the light of these possibilities we will address four main questions. Two concern the incidence of procedures, thus:

1) Has the formalisation of workplace procedure continued between 2004 and 2011 or been reversed in the wake of the Gibbons Review?
2) How frequent is mediation a) included in written procedures and b) used as a means of resolving individual employment disputes?

The other two questions are concerned with testing the underlying propositions of Gibbons, namely:

3) Do workplaces with more formal approaches to disciplinary and grievance issues experience higher rates of disciplinary sanctions, dismissals, grievances and employment tribunal applications?
4) Are workplaces that use mediation more likely to avoid formal grievances and employment tribunal applications?

4. Existing evidence

4.1 Formalisation of procedure

As mentioned earlier, the most rapid extension of procedure was in the immediate aftermath of the introduction of the right to claim unfair dismissal (Anderman, 1986; Daniel and Millward, 1983: 296). Indeed, in the first WERS survey in 1980, 83% of workplaces with 25 or more employees had formal procedures for discipline and dismissals and 80% had them for grievances (Daniel and Millward, 1983). By 1984, the proportion of workplaces with disciplinary procedures was 90% and the proportion with grievance procedures was 88% (Millward and Stevens, 1986: 170). In the twenty years that followed there was relatively little change in overall coverage.

These global figures conceal a more complex picture. Most importantly, a disproportionate amount of small organisations did not have procedures. In 1998, only 70% of small private businesses (standalone workplaces) had disciplinary procedures and 68% had grievance procedures, although small workplaces that were part of a larger organisation tended to have

both, especially if there was a recognised union in the workplace (Cully, Woodland, O'Reilly and Dix, 1999: 263). Between 1998 and 2004, there was some evidence of this procedural gap being filled as organisations responded to what was perceived as an increased threat of litigation (Kersley, Alpin, Forth, Bryson, Bewley, Dix and Oxenbridge, 2006). This trend continued between 2004 and 2011 – with written procedures found in a higher proportion of workplaces employing between 5 and 49 employees and also within non-unionised workplaces (van Wanrooy, et al., 2013).

Analysis of the adoption of the key principles the 2009 Dispute Resolution Regulations also points to increasing formalisation, as the proportion of workplaces using all three key principles for at least some of the time when handling grievances increased from 65 per cent in 2004 to 72% in 2011 and from 84% to 93% in respect of disciplinary issues (van Wanrooy, et al., 2013). The fact that data gathering for WERS2004 straddled the introduction of the statutory procedures makes any firm conclusions about their impact problematic. Nonetheless, Kersley et al. (2006; 219), commenting on the 2004 data, estimated that the introduction of the Dispute Resolution Regulations had led to 'small increases…in the use of [the] three steps'.

There is also evidence that the package of measures introduced as a consequence of the Gibbons report, including the abolition of the Dispute Resolution Regulations and the revision of the Acas Code triggered further change to procedures. The influence of the Acas Code was revealed by an Acas survey in early 2011, which covered 1,001 private sector firms with a turnover of over £50,000, that found that the new Code was significant in the majority of changes in procedures made since 2009: 82% of organisations that had amended or introduced a procedure since that date and were aware of the Code did so in response to it,

amounting to almost 30% of organisations with formal procedures (Williams, 2011). Acas's own review of the impact of the new Code found that it had encouraged organisations to review their procedures so they placed greater emphasis on informal resolution (Rahim, Brown and Graham, 2011). Saundry and Wibberley's (2014) analysis of a number of organisational case studies also found that this opportunity had been used to streamline and simplify procedures. However, such developments were not deep enough for Acas to conclude that a "cultural shift toward early resolution [had occurred so] … that recourse to formal procedures and dismissal are [now] a last resort" (Rahim et al., 2011:57–8).

4.2 Workplace mediation in the UK

Measuring the growth of workplace mediation in UK workplaces is difficult given that there is little baseline data. The first time WERS asked questions on this subject was 2011, the analysis of which we will report later. A more recent, representative, survey of employers conducted by YouGov for the Chartered Institute of Personnel and Development (2015: 11) found in-house mediation was used in 24% of organisations, and external mediation in 9%. The use of mediation had also expanded, with 24% and 32% of respondents reporting increased use of in-house and external mediation respectively over the last 12 months. Moreover, almost 4 in 10 organisations had expanded the development of mediation skills in organisations (Chartered Institute of Personnel and Development, 2015:14).

As Latreille (2011) has shown, albeit from a limited set of eight cases, the primary driving force behind the introduction of mediation is efficiency, its being perceived as a cheaper and faster method of dispute resolution compared to conventional disciplinary and grievance procedures. Saundry, McArdle and Thomas (2011:23) estimated that the costs of handling a

case through mediation in Britain are around one fifth of those of more conventional procedures, and around half if the cost of training mediators is taken into account. Nonetheless, as mediation is not costless, Latreille and Saundry (2014) found this was a significant barrier to its adoption, particularly in smaller organisations.

4.3 Procedure, process and the incidence of individual employment disputes

Quantitative analysis of the effects of the use of disciplinary and grievance procedures has been limited to cross-sectional analysis of singular WERS data. Antcliff and Saundry's (2009) research using the 2004 WERS found that adherence to statutory three-step procedures was positively related to the rate of disciplinary sanctions and dismissals. This finding, which is consistent with aspects of the underlying analysis of the Gibbons review, is also supported by qualitative research that shows that the rigid application of formal procedure makes the early resolution of individual employment disputes less likely (Saundry and Wibberley, 2014; Saundry, Adam, Ashman, Forde, Wibberley and Wright, 2016). In another study using the 1998 WERS data, Knight and Latreille (2000) found no link between the presence of written disciplinary procedures and the rate of employment tribunal applications.

Aside from procedure, analyses of the WERS series suggest that the factors shaping the rate of disciplinary cases, grievances and dismissals are workplace characteristics and workforce composition. In particular, employee grievances and higher rates of disciplinary sanctions are more likely in larger workplaces (Edwards, 1995; Knight and Latreille, 2000; Kersley, et al., 2006; Antcliff and Saundry, 2009). The employment of women, older workers and those in more skilled occupational groups is associated with a lower incidence of disciplinary disputes

(Knight and Latreille, 2000; Saundry and Antcliff, 2009). Ethnicity also appears to be an important factor; more specifically, workplaces with a higher proportion of 'non-white' employees have been found to have higher rates of disciplinary sanctions and dismissals (Knight and Latreille, 2000; Saundry and Antcliff, 2009).

Employment relations within an organisation also shape the nature and extent of workplace conflict. Higher levels of union density are associated with lower rates of disciplinary sanctions and dismissal, while the availability of union support may make it easier for employees to raise formal grievances (Kersley, et al., 2006). At the same time, unrepresented workers are less likely to use formal grievance procedures (Pollert and Charlwood, 2009). There is also evidence that high trust relationships between unions and employers can underpin informal processes of conflict resolution that may moderate disciplinary outcomes and resolve issues before they can escalate into grievances (Oxenbridge and Brown, 2004; Saundry and Wibberley, 2014).

Use of workplace mediation may be expected, if employed at an early stage, to resolve conflicts which, if left untreated, escalate into formal grievances, disciplinary action and/or employment litigation. The evidence, from both the UK and the US, though limited, is that mediation has a relatively high rate of successful resolution (Latreille and Saundry, 2014). Moreover, the introduction of internal mediation schemes may aid the development of conflict-handling skills among managers, to embed informal processes of conflict resolution and to improve the climate of employment relations (Bingham, 2004; Latreille, 2011; Saundry and Wibberley, 2014; Seargeant, 2005). However, case study evidence has shown that in Britain, mediation is not necessarily being used at an early stage and is more likely to be employed as a last resort by employers (Saundry, Bennett and Wibberley, 2013). In this

case, it is unlikely to reduce the level of grievances and dismissals, but may resolve issues that might otherwise end up in an employment tribunal.

5. Methodology

The study was designed to address our four questions using data from 2011 WERS, with that from 2004 WERS being used as a benchmark, and a mixture of descriptive and multi-variate analysis.

Data

The 2011 WERS is the sixth in the WERS series. Previous surveys were conducted in 1980, 1984, 1990, 1998 and 2004. The 2011 survey is a nationally representative survey of workplaces in Great Britain employing five or more employees and covers the whole economy with the exception of agriculture and mining. The sample was taken from the Inter-Departmental Business Register, maintained by the UK's Office for National Statistics. The survey has three main elements: a managerial, employee and worker representative survey (van Wanrooy, et al., 2013: 5–8,199–216). Here we use data from the management component. This was collected using face-to-face interviews with the 'most senior manager with responsibility for employment relations, human resources or staff at the workplace' (*op cit*:5). Interviews were conducted with around 2,700 managers, representing a response rate of 46 per cent.

Measures

Disciplinary procedures

Dummy variable coded 1 if the workplace has a written procedure for dealing with disciplinary matters and dismissals.

Grievance procedures

Dummy variable coded 1 if the workplace has a written procedure for dealing with grievances.

Total adherence to Acas principles for disciplinary cases

Dummy variable coded 1 if management adhere to the three Acas principles when dealing with disciplinary cases all of the time.

Total adherence to Acas principles for grievances

Dummy variable coded 1 if management adhere to the three Acas principles when dealing with grievances all of the time.

Mediation for disciplinary cases

Dummy variable coded 1 if mediation by an impartial third party is included in the disciplinary procedure. This refers to the use either in-house or external mediators.

Mediation for grievances

Dummy variable coded 1 if mediation by an impartial third party is included in the grievance procedure. Again, this refers to in-house or external mediators.

Use of mediation

Dummy variable coded 1 if mediation by an impartial third party has been used in the last 12 months to resolve an individual or disciplinary matter.

Disciplinary Sanctions

Rate of disciplinary sanctions per 100 employees in the last 12 months.

Dismissals

Rate of dismissals per 100 employees in the last 12 months.

Grievances

Rate of grievances per 100 employees in the last 12 months.

Employment Tribunal Claims

Rate of Employment Tribunal claims per 100 employees in the last 12 months.

Control variables

Controls were selected as relevant for models of particular dependent variables on the basis of past research. We controlled for a range of workplace and compositional characteristics. Workplace characteristics included: size (of organisation or workplace as appropriate), whether the workplace is part of a multi-site organisation, industrial sector, union recognition, and the presence of a specialist human resource practitioner. Workforce composition variables included: the proportion of women employees, of ethnic minority employees, of employees of 22–49 years of age, of 50 years of age or older, and of professional employees.

We also controlled for the impact of the post-2008 recession as recessionary pressures might lead management to change procedures or increase dismissals as the need to maintain employment reduced. In those workplaces with greater recessionary pressures, managers may have tightened their supervision of performance and attendance and more readily disciplined workers, and indeed 2011 WERS revealed a rise in the proportion of workplaces imposing sanctions for poor performance (van Wanrooy et al., 2013). This may in turn have led to higher rates of grievances and employment tribunal applications as employees challenged managerial actions. Two measures were used. The first gauged the extent to which the workplace was adversely affected by, what was labelled in the survey, the recent recession. It is based on a 5-point scale, where 5 equals “a great deal”, 4 “quite a lot”, 3 “a moderate amount”, 2 “just a little”, and 1 “no adverse effect”. The second measured whether

organisations took any employment-related actions in response to these pressures. Those taking one or more action(s) were coded 1, and those that took no actions were coded 0. The actions possible were: compulsory redundancies, voluntary redundancies, temporary freeze on recruitment to fill vacant posts, postponement of plans for expanding the workforce, freeze or cut in wages, reduction in non-wage benefits, reduction in basic hours, reduction in paid overtime, employees required to take unpaid leave, reduction in the use of agency staff or temporary workers, increase in the use of agency staff or temporary workers, reduction in training expenditure, change in the organisation of work, and increasing workloads.

Finally, it has been argued the use of high involvement management practices may be related to the incidence of individual employment disputes (Knight and Latreille, 2000) and also the adoption of alternative dispute resolution techniques, such as mediation (Colvin, 2004). Therefore, we finally control for the existence of high involvement management (HIM). The measure we is based on Wood, Van Veldhoven, Croon and De Menezes' (2012) measure of organizational- (as opposed to role-) involvement management. The items included are: functional flexibility, quality circles, suggestion schemes, teamwork, induction, interpersonal skills training; team briefing, information disclosure, and appraisal.

Analysis Procedure

The first two research questions are mainly answered using descriptive data. However, we use multivariate analysis to explore where mediation is being used. The third and fourth questions require multi-variate models. In this analysis we use adherence to the Acas Code of Practice as our measure of the formality of the process, since there is insufficient variability in the existence of discipline or grievance procedures. The model used depends on the nature of the dependent variable. For example, the distribution of formal grievances is highly

skewed and thus a Tobit regression model is used. This model assume an underlying latent variable giving rise to the observed (censored) distribution, with coefficients interpreted similarly to Ordinary Least Squares model, except that the reported effect applies to the uncensored latent variable. For logit and ordered logit models, marginal effects are reported for ease of interpretation. Weights calculated by the survey team are used throughout our analysis to allow for known biases arising from both non-respondents and purposive sampling that resulted in the under-representation of smaller workplaces and in certain industries.

6. Results

6.1 Formalisation of Procedures 2004–11

The use of written disciplinary procedures continued to grow between 2004 and 2011 and could be found in 89 per cent of British workplaces in 2011 compared to 84 per cent in 2004. The proportion of workplaces with written grievance procedures was, however, unchanged at 82 per cent (Table 1). Both continue to be almost ubiquitous in workplaces with 50 or more employees and thus the increase in disciplinary procedures reflects its additional use in SMEs. One third of organisations with 5–9 employees continued not to have a written grievance procedure and 31 per cent did not have a written disciplinary procedure. Procedures were almost universal (99 per cent) in unionised workplaces, which represented 22 per cent of all workplaces, whereas in non-unionised workplaces 13 per cent did not have a written disciplinary procedure and 14 per cent did not have a written grievance procedure. When controlling for size, however, union recognition is not significantly related to the use of

procedures, the union differential thus reflects the fact that unionism is more likely in larger workplaces (results available from first author).

Insert Table 1

Total adherence to the three key principles of the Acas Code of Practice increased between 2004 and 2011. In the majority of workplaces all three principles were applied either some or all of the time, while fewer workplaces applied only one or two of the Acas principles, (Table 2). In the case of disciplinary procedures the increase is in the proportion that follow all three stages all the time; whereas for grievances it is mainly in the proportion that apply all three some, but not all, of the time. Adherence is significantly lower in smaller organisations in respect of both disciplinary issues and employee grievances (Table 3). The three key principles were more likely to be applied within disciplinary proceedings in the private sector and also where employment relations involved human resource practitioners and/or trade unions. In addition, disciplinary adherence was more likely in electricity, gas and water, education and health and less likely in hotels and restaurants.

Insert Tables 2 and 3

The shift towards greater procedural adherence was more pronounced in smaller workplaces. When dealing with both disciplinary issues and grievances, 22 per cent of workplaces with 49 employees or less increased their adherence to the three key principles of the Acas Code between 2004 and 2011. This compared to 15 per cent of workplaces with between 50 and 249 employees, 5 per cent of those with between 250 and 999 employees and 10 per cent of those with 1000 employees or more. Furthermore, procedural adherence has also grown more quickly in private and non-unionised workplaces when compared with the public sector and those workplaces in which unions are recognised.

Overall our analysis designed to answer our first question, shows that the trend of increasing formalisation has continued, rather than reversed. The tendency of SMEs to be the only workplaces without procedures continues but the growth in use of procedures has been amongst these. Adherence to the Acas principles has increased and disproportionately in SMEs. There has not been a reversal of the formalisation trend in the immediate wake of the increasing concerns about regulation in employment relations or in direct response to Gibbons' and others' publicising the virtues of informality. Had such concerns about formality been acted upon we may have expected the withdrawal of procedures or reduced adherence to the Acas principles to have begun in the SME sector; but we have not observed that. That the existence of procedures increased in this sector, with its tradition of less institutionalised approaches to industrial relations that Gibbons rightly identified, suggests that external institutional pressures remain the driving force behind formalisation.

6.2 Mediation in British Workplaces

Our second research question concerns the extent of mediation. Mediation by an impartial third party was provided for within almost two-thirds (62%) of workplaces with written disciplinary and grievance procedures. However, the use of mediation was not as extensive: just 7% of all workplaces recorded having used it in the last 12 months to resolve a dispute. However, in workplaces that had experienced employee grievances (i.e. issues potentially amenable to mediation) 17% had turned to mediation while 14% of workplaces that had dealt with disciplinary cases had done so. The absence of any measure of mediation use in 2004 makes any change in its use impossible to assess.

The inclusion of mediation in grievance procedures is unaffected by the size of the organisation of which the workplace is a part (Table 4). Although hotels, education and health are more likely to include mediation in their procedure, the lack of any strong predictors of this suggests, as one might expect at any early stage of institutionalisation, that there is (are) no strong common reason(s) why some workplaces advance ahead of others; idiosyncratic reasons may though be later superseded by mimetic and institutional pressures. Given the basis of Gibbons' argument we might have expected mediation to be included in the procedures of smaller workplaces, or for mediation to be used more widely in workplaces without procedures, but neither is the case. There is a relationship between the inclusion of mediation in procedures with full adherence to the main principles of the Acas Code of Practice, which suggests that formal processes and mediation are viewed as complementary rather than mutually exclusive.

Insert Table 4

In contrast to the incorporation of mediation within formal procedure, the use of mediation is influenced by organisational size but the relationship is non-linear. It is only likely to be more used in certain organisational size bands (50–90, 500–999 and over 10,000 employees); SMEs with less than 50 employees are thus less likely to use mediation. There is no significant difference in mediation use between the public and private sector, but differences between industries exist, with mediation use more likely in construction, health, and wholesale and retail. The use of mediation is also associated with organisations with high-involvement management suggesting a link with more progressive employment relations strategies.

6.3 Formalisation and the incidence of individual disputes

The third question we posed concerned the link between procedural formalisation and the incidence of individual employment disputes. The existence of formal procedures is not associated with these outcomes (t-tests revealed no significant differences between those with or without procedures). However, using adherence to the key principles of the Acas Code as a measure of formalisation we find it is related to one of these outcomes: the dismissal rate. As this is one out of four outcomes, this indicates that formalisation is not strongly related to measures of disputes.

Instead all four outcomes are strongly related to workplace size, with rates rising progressively with the number of workers employed. Union recognition is also positively related to the rate of dismissals (Table 5). In contrast, high-involvement management is associated with lower rates of employee grievances. The recession appears to have had some impact on outcomes as the rates of dismissals and employment tribunals are lower in workplaces that took some recessionary action such as a wage or employment freeze suggesting it has a disciplinary (fear) effect on employees. Workplaces which had experienced greater recessionary effects were also more likely to be subject to employment tribunal applications, which could be related to claims arising from redundancy exercises or dismissals as means of reducing the workforce.

Insert Table 5

6.4 Mediation and Individual Disputes

Finally, we ask whether, as Gibbons implied, the greater availability and use of mediation has led to improved dispute resolution and consequently lower rates of disciplinary sanctions, dismissals or employment litigation. Our analysis does not, however, support this. Neither the relationship between the inclusion of mediation in disciplinary procedures and sanctions and dismissals nor that between its inclusion in grievance procedures and the rate of grievances

were found to be statistically significant. However, the inclusion of mediation in each of the procedures is significantly positively associated with the rate of employment tribunal applications. Similarly, the rates of grievances and employment tribunals are higher in workplaces that used mediation. This implies that its use, thus far at least, does not reduce the likelihood of formal disputes.

7. Discussion and conclusion

The research has tested the basic assumptions of the Gibbons' report – that formalisation is positively related to incidence of individual disputes and mediation negatively related to them – and found limited support for them. First while there is a positive association between formalisation, measured by adherence to the Acas principles, and the rate of dismissals, in line with the central argument made by Gibbons, this does not hold for disciplinary sanctions, grievances and employment tribunal applications. Second, while Gibbons argued that the use of mediation would facilitate early resolution, our analysis found no statistically significant relationship between its inclusion in procedures and rates of grievances, disciplinary sanctions and dismissals. Moreover this was positively associated with the rate of employment tribunal applications. The use of mediation was also positively related to the rate of applications, as well as the rate of grievances.

The one result that is consistent with Gibbons' thinking – that formalization is associated with higher rates of dismissals – however does not offer unequivocal support for it. He assumed a causal relationship between having procedures and disputes as formalisation heightened awareness of the gains from pursuing grievances and contesting the imposition of discipline by management. However, this association is more likely to reflect the fact that

managements faced with higher levels of dispute will introduce procedures and follow them appropriately, not least as they build up experience of them and wish to minimise risks of litigation (Saundry and Wibberley, 2014; Saundry et al., 2016).

The association between mediation and employment tribunal cases may also be explained in similar terms as managements are likely to turn to mediation in the wake of potentially damaging employment tribunal cases. It is also consistent with findings from qualitative analysis that mediation tends to be used as a last resort (Latreille and Saundry, 2014).

We argued earlier, that if Gibbons' argument were strong, we would have expected that in a climate of market liberalism (perhaps enhanced by economic crisis) some employers – especially SMEs – would have abandoned procedures or at least have reduced their adherence to them; but this is not the case. Practice appears however to have coalesced around the three principles first introduced in the Dispute Resolution Regulations and subsequently enshrined in the Acas Code of Practice. While for some larger employers, a rigid adherence to the three principles may mean greater flexibility and more streamlined processes (Rahim et al., 2011), it is clear that among SMEs (which were the main focus of Gibbons' report) adherence has increased not declined. The post-2008 system continued to be dominated by the threat of legal sanctions and it is this that appears to underpin the continuation of formalisation (Edwards, 2000; Saundry and Dix, 2014).

We also suggested that if Gibbons' policy prescriptions were followed we would expect an increase in the use of mediation and the replacement of conventional procedures with early, informal processes of resolution. Mediation has, as we have shown, become incorporated into formal procedures in the majority of workplaces, including SMEs. It has however not led to a

reduction in the incidence of tribunal cases or grievances. Rather than heralding a wider transformation of dispute resolution, this would currently appear to be another dimension of the formalisation of dispute resolution. The extent to which we can attribute these changes to a climate created, even to some extent, by Gibbons is questionable. They are certainly not consistent with Gibbons' vision of mediation as an alternative to procedural resolution of conflict and association of it with early resolution.

Overall the study suggests that in the immediate wake of Gibbons' advocacy of alternative methods of dispute resolution, the direction of change may have been towards greater use of mediation but not at the expense of formalisation or adherence to the Acas principles. These principles and their role in the adjudication of employment tribunal cases reflect the State's conception of good employment relations practice and this would appear to have a powerful influence on organisational approaches to workplace conflict, overriding attempts to promote early or informal resolution. The underlying approach of voluntarism in the shadow of the law remains, and the implication that we draw from the way mediation has been incorporated into the existing approach to conflict resolution is that we do not expect the kind of reversal in procedural formalism that Gibbons' championed.

The advent of the introduction of employment tribunal fees may change the costs for employers of non-procedural compliance but even this is unlikely to substantially reduce the inclusion of the Acas Codes' three principles in procedures and adherence to them. It may slow the escalation of conflict by increasing the costs for employees of pursuing grievances, while employers may be more dismissive of those grievances that are made. Moreover, if employees are less likely to take procedures to their limits, employers may have less incentive to deploy mediation, particularly to nip problems in the bud; however if it has

become more salient in the human resource manager's armoury they may encourage its use as a way of restoring relationships at the conclusion of a grievance or disciplinary case, particularly if there is some uncertainty about its outcome. Future research will no doubt focus on evaluating the impact of this new regime. However, our current understanding is limited by the focus in the WERS series on the presence of procedure. The time is right then for a more focused bespoke survey which includes exploration of when and how mediation is used and the informal aspects of conflict resolution.

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Table 1 – Presence of disciplinary and grievance procedures, 2004 and 2011.

	Discipline or Dismissal		*Individual Grievance*	
	2004	*2011*	*2004*	*2011*
	%	%	%	%
All workplaces	84	89	82	89
Workplace size				
5-9 employees	76	82	74	82
10-19 employees	83	92	81	90
20-49 employees	95	96	91	97
50-99 employees	98	98	99	100
100-499 employees	99	100	99	100
500 or more	100	100	100	100
Union recognition				
No recognised union	80	87	77	86
Recognised union	99	99	99	99
Industrial Sector				
Manufacturing	69	85	70	84
Electricity, gas and water	100	100	100	100
Construction	77	74	55	75
Wholesale and retail	87	88	81	86
Hotels and restaurants	75	79	68	75
Transport and communication	87	99	86	94
Financial services	99	100	99	100
Other business services	82	90	84	93
Public administration	100	100	100	100
Education	94	97	100	97
Health	95	96	96	96
Other community services	95	89	96	90

Source:2004/2011 WERS panel; results weighted by establishment

Base: All workplaces with 5 or more employees

Figures are based on responses from at least 2,291 workplace managers (2004) and 2,676 workplace managers (2011)

Table 2 – Adherence to the three ACAS principles of disciplinary and grievance procedures in 2004 & 2011

	Discipline		**Individual grievances**	
	2004	*2011*	*2004*	*2011*
	%	*%*	*%*	*%*
All three, all of the time	73	81*	42	44
All three, but not all of the time	14	11	28	38*
One or two, all or some of the time	13	6*	28	15*
None of the principles	0	2*	2	3

*Source: 2004/2011 WERS Panel; results weighted by establishment; N = 977; * – significant at least at 5% level.*

Table 3 – Ordered logit regressions of index of procedural adherence in respect of disciplinary and grievance procedures

	Adherence to three principles – Discipline	*Adherence to three principles – Grievance*
Organisational size (Ref: 5–9 employees)		
10–49 employees	0.845** (3.09)	0.780** (3.36)
50–249 employees	0.888* (2.10)	0.891** (3.10)
250–499 employees	0.690 (1.18)	1.720** (3.91)
500–999 employees	2.746** (3.18)	0.463 (1.25)
1000–9999 employees	1.303** (2.71)	1.346** (4.03)
10000+ employees	2.290** (3.91)	1.676** (4.74)
Public sector	-1.005* (2.38)	-0.338 (1.16)
Industrial sector (Ref: Manufacturing		
Electricity, gas, water	2.787* (2.38)	0.289 (0.44)
Construction	0.038 (0.08)	0.217 (0.51)
Wholesale/retail	0.264 (0.61)	0.152 (0.53)
Hotels/restaurants	-0.741(1.72)	-0.162 (0.52)
Transport and communications	0.205 (0.37)	0.490 (1.26)
Financial services	0.792 (0.61)	0.958 (1.22)
Business services	0.314 (0.74)	0.542 (1.87)
Public administration	1.600 (1.62)	0.603 (1.13)
Education	1.785* (2.36)	0.961** (3.06)
Health	0.868 (1.93)	0.994** (3.59)
Other community services	0.516 (1.17)	0.925** (3.13)
Union recognition	0.846* (2.54)	0.115 (0.47)
Impact of recession	-0.057 (0.60)	-0.046 (0.76)
Presence of human resource practitioner	1.244** (3.49)	0.345* (2.10)
Multi-site organisation	0.190 (0.59)	0.184 (0.86)
N	2499	2495

Source: 2011 WERS, results are weighted by establishment. Statistical significance levels: ** = $p<0.01$, *=$p<0.05$.

Table 4 – Mediation provision and use

	Third party mediation provided in grievance procedure	Mediation by third party in previous 12 months
Organisational size (Reference category: 5–9 employees)		
10–49 employees	-0.096	0.021
	(-1.22)	(1.44)
50–249 employees	0.012	0.069**
	(0.12)	(2.79)
250–499 employees	0.069	0.051
	(0.61)	(1.93)
500–999 employees	0.061	0.061*
	(0.52)	(2.21)
1000–9999 employees	-0.087	0.063
	(-0.80)	(1.84)
10000+ employees	0.047	0.096**
	(0.43)	(2.87)
Public sector	0.135	-0.028
	(1.92)	(-1.56)
Industrial sector (Reference category: Manufacturing)		
Electricity, gas, water	-0.215	-0.008
	(-1.60)	(-0.77)
Construction	0.220	0.147*
	(1.95)	(2.07)
Wholesale/retail	0.181	0.041*
	(1.82)	(1.97)
Hotels/restaurants	0.354**	0.057
	(3.56)	(1.76)
Transport and communications	0.075	0.023
	(0.56)	(1.12)
Financial services	0.055	-0.007
	(0.28)	(-0.56)
Business services	0.034	0.019
	(0.34)	(1.59)
Public administration	0.310*	0.074
	(2.50)	(1.86)
Education	0.265*	0.0690
	(2.32)	(1.63)
Health	0.285**	0.035*
	(3.01)	(2.15)
Other community services	0.253*	0.002
	(2.45)	(0.17)
Union(s) recognised	0.077	0.025
	(1.27)	(1.16)

Always adhere to key principles (Discipline and Grievance)	0.090*	-0.024
	(2.16)	(-1.60)
Presence of human resource practitioner	-0.116*	0.008
	(-2.27)	(0.49)
Multi-site organisation	-0.089	-0.053
	(-1.58)	(-1.78)
High-involvement management	0.010	0.018*
	(0.45)	(2.48)
Workplace impact by recession	-0.016	0.006
	(-0.83)	(0.99)
Measures taken in response to recession	0.082	0.008
	(1.32)	(0.36)
Rate of grievances	-0.005	0.007**
	(-0.73)	(4.21)
Rate of employment tribunal applications	0.045*	0.015**
	(2.48)	(4.27)
N	1579	1597
Source: 2011 WERS, results are weighted by establishment.		
Marginal effects; t statistics in parentheses		
Statistical significance levels - * and ** denote $p<0.05$ and $p<0.01$ respectively		

Table 5 – Incidence of Individual Employment Disputes

	Disciplinary sanctions rate	Dismissal rate	Grievance rate	Employment tribunal rate
Workplace size (Reference category: 5–9 employees)				
10–19 employees	5.747	4.311	7.218**	4.016
	(1.57)	(1.55)	(3.03)	(1.33)
20–49 employees	6.785	4.914	7.919**	5.531*
	(1.92)	(1.78)	(3.22)	(2.20)
50–99 employees	11.637**	12.971**	14.829**	13.814**
	(3.12)	(4.59)	(5.16)	(6.24)
100–499 employees	14.760**	14.312**	18.093**	18.737**
	(3.83)	(4.52)	(6.16)	(8.09)
500+ employees	16.019**	19.688*	21.835**	25.996**
	(3.42)	(5.20)	(6.39)	(7.83)
Public sector	-2.919	0.537	-1.984	-3.518
	(-0.97)	(0.25)	(-0.80)	(-1.39)
Industrial sector (Reference category: Manufacturing)				
Electricity, gas, water	-15.305*	0.464	-0.536	-0.035
	(-2.06)	(0.08)	(-0.16)	(-0.01)
Construction	7.545	5.968	1.928	15.132*
	(1.09)	(0.84)	(0.44)	(2.10)
Wholesale/retail	2.964	6.102	3.195	1.225
	(0.58)	(1.65)	(1.13)	(0.40)
Hotels/restaurants	3.930	3.835	7.163*	5.636
	(0.61)	(0.81)	(2.15)	(1.60)
Transport and communications	1.756	4.556	7.194*	4.237
	(0.30)	(1.38)	(2.05)	(1.58)
Financial services	-8.611	-15.030**	-0.947	-6.664
	(-1.10)	(-2.99)	(-0.21)	(-1.22)
Business services	-4.874	0.286	0.051	1.525
	(-0.75)	(0.07)	(0.02)	(0.55)
Public administration	-0.280	2.974	6.436	3.656
	(-0.04)	(0.58)	(1.40)	(0.97)
Education	0.548	1.260	4.104	6.445
	(0.09)	(0.26)	(0.98)	(1.29)
Health	-0.827	2.965	7.910*	-0.698
	(-0.14)	(0.71)	(2.15)	(-0.18)
Other community services	2.868	0.261	9.435*	8.070*
	(0.44)	(0.06)	(2.17)	(2.33)

Union(s) recognised	-2.528	-3.766*	0.950	1.366
	(-1.04)	(-2.40)	(0.56)	(0.68)
Proportion of women employees	-0.095	-0.076	0.013	0.007
	(-1.59)	(-1.76)	(0.31)	(0.12)
Proportion of ethnic minority employees	0.175*	0.091	0.039	0.068
	(2.22)	(1.75)	(0.79)	(1.45)
Proportion of employees – 22–49 years of age	-0.130	0.051	-0.098	0.048
	(-1.83)	(0.86)	(-1.41)	(0.73)
Proportion of employees – 50+ years of age	-0.264**	-0.108	-0.093	0.056
	(-2.83)	(-1.46)	(-1.15)	(0.72)
Proportion of professional employees	-0.051	-0.053	0.038	0.006
	(-1.16)	(-1.58)	(1.35)	(0.15)
Presence of human resource practitioner	2.324	3.656*	4.503*	-0.983
	(0.77)	(2.01)	(2.38)	(-0.59)
Multi-site organisation	-2.415	-1.860	1.639	-1.393
	(-0.94)	(-0.94)	(0.88)	(-0.62)
Full adherence to key principles (disciplinary)	0.175	9.185**		
	(0.04)	(2.93)		
High-involvement Management	-1.022	-0.911	-2.580**	-0.986
	(-0.98)	(-1.00)	(-2.82)	(-1.32)
Workplace impact by recession	-1.263	-0.612	0.458	2.166**
	(-1.13)	(-0.84)	(0.66)	(2.70)
Measures taken in response to recession	5.291	-6.419**	1.620	-4.415*
	(1.59)	(-2.97)	(0.65)	(-2.14)
Third party mediation provided in disciplinary procedure	-4.581	-2.406		
	(-1.76)	(-1.34)		
Full adherence to key principles (grievance)			1.432	
			(0.87)	
Third party mediation provided in grievance procedure			-0.441	4.191*

			(-0.27)	(2.31)
Full adherence to key principles (disciplinary and grievance)				1.197
				(0.69)
_cons	14.208	-14.967	-24.020**	-43.287**
	(1.18)	(-1.77)	(-2.80)	(-4.68)
_cons	19.357**	12.766**	13.423**	11.990**
	(11.47)	(10.30)	(8.48)	(6.95)
N	1575	1645	1621	1678
Source: 2011 WERS, results are weighted by establishment.				
t statistics in parentheses				
Statistical significance levels - * and ** denote p<0.05 and p<0.01 respectively				