

BRIEFING PAPER

THE LABOUR FORCE IN EAST KILBRIDE: A DECADE OF DEVELOPMENT

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INTRODUCTION

The explosion of violence outside the Timex plant in Dundee on 17 May 1993 represented the high water mark of a labour dispute which had become increasingly ill tempered over its three month life span [1]. Indeed, it represents one extreme in Scottish labour relations since the "winter of discontent" in 1979. Unlike the bitter disputes of the 1960s and 1970s, the Timex problem has not been marked by trade union recalcitrance. Indeed, the engineering union and the STUC have given the appearance of bending over backwards in their efforts to find solutions. The Timex lockout has shown, among other things, that labour law has not just shifted the goal posts in the last ten years, but translated them to another arena with a completely different rule book. Clearly the situation in Dundee is not representative of the general labour relations climate in Scotland. However, to term the overall Scottish situation as "better" may beg a question about perspective. Since 1982, the Strathclyde International Business Unit has carried out four surveys of labour relations in East Kilbride [2].

While it is probable that a new town will give a better balanced view than the Timex episode, the series of assessments also gives some idea of how industrial relations have developed over the decade.

In addition, analysis of the trends has some bearing on East Kilbride's ability to retain industrial investment and add to the stock, especially in relation to foreign direct investors.

EAST KILBRIDE

East Kilbride is one of Scotland's most successful business locations, with a population of over 70,000 and 800 businesses, many of which are subsidiaries of major foreign companies. Since 1986, the number of industrial firms in the town has grown at a compound 4.4%, and private investment by companies runs at more than £30 million per

annum. Recently, this has included major investments by Fuji Electric, Tandy Victor, Matsushita and Motorola. All major manufacturing sectors are represented in the town, with over half the manufacturing employment being accounted for by the mechanical, electronic and aero engineering industries.

The majority of manufacturing concerns are small, with over three-quarters employing less than 50 people. However, the town is also host to a significant number of larger employers. Labour skills in East Kilbride cover a broad base of industrial activity, with particular strengths in the fields of instrument, mechanical and aero engineering. The electronics sector has been the fastest growing for most of the last ten years. The labour surveys carried out in 1982, 1986, 1989 and 1992 consisted of a postal survey of manufacturing and service firms, with a number of follow-up interviews to investigate non-quantifiable data in detail. Response rates varied between 25% and 33%. In the most recent survey, a total of 125 firms gave usable responses. The structure of the sample is shown in Tables 1 and 2.

The 125 companies were broadly representative of all manufacturing and service establishments (with the exception of the Vehicles sector) in the East Kilbride area in terms of industrial distribution, employment, size, and date of establishment. The response from commercial firms came from a more restricted initial sample of larger organisations. The characteristics of the manufacturing firms in the 1992 sample were also broadly similar to those in the previous studies; thus, a number of comparisons over time can be made. Most major industries were adequately represented in the survey, although in terms of employment three industries clearly predominate - Services, Mechanical Engineering, and Electronics. 26 per cent of the sample firms were in the Engineering, Electrics, and Electronics sector; the remainder of the manufacturing sectors comprised 29 per cent;

41 per cent of the firms were in services, and 4 per cent were commercial firms.

In employment terms, these four sectors accounted for 44, 23, 32 and 1% of total jobs respectively. Female employees accounted for 40% of all employment (in 1989 the figure was 50% and in 1986 40%), although the proportion was significantly greater in the engineering, electronics and textile sectors.

In terms of size, 68% of companies employed less than 25 workers. (Comparable figures for 1989 and 1986 are 65% and 70% respectively.) Such companies, however, accounted for only 10 per cent {1989, 63%; 1986, 57%} of total sample employment. The six largest companies in the sample, on the other hand, accounted for 61 per cent of total employment. (In 1989 the figure was 63%, and in 1986, 57%.) The attractiveness of East Kilbride as a business location and its continuing success in attracting new firms is illustrated clearly by the large number of new firms coming into the town. No less than 62 per cent {1989, 56%; 1986, 55%} of the sample companies were established during the last ten years (see Figure 1).

In 1989, 52% of all new entrants (firms established 3 years or less) were in the services sector; in 1992, the proportion was even higher at 54%, underlining the success of the East Kilbride Development Corporation's declared strategy to target this sector for inward investment.

UNIONISATION

The 1982 survey highlighted the high degree of non-unionisation amongst Manufacturing companies in East Kilbride on a company-by-company basis.

The results of the following survey showed that this continued into the mid 1980s with 81 per cent of organisations being non-union; the 1989 position was 75 per cent of all firms (with just under 90% in manufacturing). The current position is shown in Table 3; 80 per cent of manufacturing respondents were non-union; the figure for the whole sample was also 80 per cent.

The Metal Manufacture and Mechanical Engineering subsectors accounted for 24 per cent of all unionised firms, other manufacturing firms for another 32 per cent, while Service organisations accounted for the remaining 44 per cent. Overall, 80 per cent {1989, 77%, 1986, 81%} of companies were completely non-union (for both manual and non-manual workers) with 93 per cent {1989, 86%;

1986, 91%} being non-union for white-collar employees working for non-union employers.

The overall degree of unionisation (as measured by actual union membership) was 47 per cent {In 1989 the figure was 49%} for manual employees and 63 per cent {1989, 59%} for non-manual employees, although this was subject to considerable inter-industry variations. Within unionised plants, single-union representation tended to be the norm, even more so than in the 1989 survey. Seventeen of the 22 firms that recognised unions for manual workers negotiated with only one union, while 7 of 9 firms did so for non-manual workers.

The high degree of non-unionisation within the sample (on a company-by-company basis) is partly explained by the large number of fairly small plants; also, only 12 of the 77 firms which have established in East Kilbride in the last ten years are unionised, of which 5 were multi-plant firms with a tradition of unionisation at other locations. However, the fact that the two largest employers in the sample were highly unionised accounts for the overall degree of per capita unionisation.

PERFORMANCE

The labour and industrial relations performance of the sample companies was measured in terms of strike-proneness, absenteeism, and labour turnover.

Overall, these indicators are very positive, suggesting a generally high level of performance from a stable workforce. Eighty-nine per cent of the 1982 sample were totally strike-free during the previous five years. By 1986, the proportion of strike-free plants had risen to 95 per cent, and to 99 per cent in 1989. The figure has now reached 100 per cent; that is, the sample companies have been completely strike-free since 1987. That this dramatic improvement in performance has been achieved without any significant de-unionisation over the period underlines the very real improvements that have been made in industrial relations within East Kilbride companies.

Absenteeism

Absenteeism was measured in terms of the proportion of workers absent from work on any given day. The absenteeism rate within Manufacturing companies in East Kilbride is minimal, averaging 2.3 per cent {1989, 2.4%; 1986, 2%} for all industries (see Table 4). This is extremely low, given the high proportion of female employees in the sample companies.

Absenteeism for Service companies stands at 1.5 per cent {1989, 1.5%}, and for Commercial concerns at 0.4 per cent {1989, 1.8%}, thus yielding an overall average of 1.9 per cent which is precisely the same as the performance in 1989 and in 1986. Absenteeism is therefore low and very stable in East Kilbride.

Labour Turnover

Labour turnover within the sample Manufacturing companies has almost returned to its 1986 level at 8.7 per cent {1989, 14%; 1986, 8.1%}. The Service sector was lower at 7.6 per cent {1989, 4%} and the Commercial sector was higher at 19 per cent {1989, 7%}, giving an overall average of 8.5 per cent {1989, 11%}. The Manufacturing sectoral breakdown given in Table 5 shows rather higher figures for Metal Manufacturing, Instrument Engineering, and Textiles; however, the last two are significantly lower than in 1989. Some of this is due to the effects of recession, and informal discussion during the personal interviews indicated that this is not seen to be a particular problem by employers except where turnover affects new employees.

LABOUR COSTS

Survey data was collected regarding average yearly earnings for selected groups of employees within the sample companies. As would be expected, significant variations exist in earning levels between industries, reflecting such factors as skill levels, gender mix, etc. (see Table 6). However, this data shows that while average earnings for non-skilled workers have increased by 28 per cent since 1989, the figure for both semi-skilled and skilled workers has gone up by about 33.5 per cent, for foremen/supervisors by 25 per cent, and secretaries by only 23 per cent. The rate of price inflation over these three years was about 23%. Comparing average earnings in 1992 with 1986, non-skilled workers show an increase of only 23%, whereas all other groups vary between 48% and 67%. The rate of price inflation over the 6 year period was approximately 42%.

RECRUITMENT

The availability of labour supplies in the East Kilbride area is reflected in the fact that 78 per cent {1989, 76%} of the sample companies had experienced no difficulties in recruiting labour in the last three years. Good though this figure is, it is worth noting that it has come down from 85 per

cent in the 1986 survey. Twenty-seven firms reported minor and/or temporary difficulties. Of these, skilled engineers and machinists were the main problems in Manufacturing, while the Service sector had problems with office and sales staff.

As with previous surveys, therefore, the problem is at its most acute with skilled staff. In general, the affected firms respond in a variety of ways to ensure that particular recruitment problems do not limit development plans; usually, this involves recruitment of less skilled staff together with some combination of internal development and external training.

SHIFT WORK

Only 11 per cent {1989, 17%; 1986, 20%} of the sample companies now operate a shift work system at the East Kilbride plant. Of these, 6 firms operated a three-shift system, 6 operated a standard two-shift system, and the remaining 2 firms operated flexible shift work to suit requirements. Only one firm reported any difficulty with the organisation of shift work, and that was an external problem relating to transporting female employees for a night shift. Otherwise, attitudes to shift working are favourable, though shift working per se is becoming less used by employers.

THE QUALITY OF LABOUR AND INDUSTRIAL RELATIONS

Besides the above issues, the sample companies were asked to give their views regarding the availability of labour, attitudes to work, and the quality of industrial relations in the East Kilbride area. Only a very small minority of firms reported negative responses in any of these areas (see Table 7). Two companies, 2 per cent {1989, 10%} of those responding to this question, felt that the availability of labour in the area is poor. Fifty-seven per cent {1989, 46%} deemed the position satisfactory, and 41 per cent {1989, 33%} saw labour availability as good. Again, only 2 companies, 2 per cent {1989, 6%} thought that attitudes to work were poor, 45 per cent {1989, 54%} judged the position to be satisfactory, and 53 per cent {1989, 40%} believed attitudes to be good.

In terms of the general quality of industrial relations in East Kilbride, only 1 firm {1989, 2} thought the situation was poor; 28 per cent {1989, 42%} judged satisfactory, and a massive 71 per cent {1989, 56%} evaluated the position as good.

TOTAL QUALITY MANAGEMENT AND CUSTOMER CARE

The 1992 survey was the first occasion on which these related topics were raised with respondents, and the findings require careful interpretation. Table 8 shows that 52 firms or 42 per cent of the sample claimed to have implemented a Total Quality Management scheme. Incidence by industry is shown in Figure 2.

While all of these firms have doubtlessly put a very significant and formal effort behind improving and maintaining quality at a very high level, some clearly do not understand that TQM includes formal customer care systems. Nevertheless, East Kilbride firms clearly understand that quality considerations deserve a very high priority. Twenty eight of the firms thought that their quality schemes had been well received by staff; none had had a bad experience with staff over the introduction of TQM. Sixty-five firms (52 per cent of the sample) operate some kind of formal customer care programme.

It is interesting that the Engineering and Electrical sector puts significantly more stress on TQM than on customer care. Forty-three of the reporting firms had found a very positive reaction from staff to the implementation of a customer care programme, while none reported a negative reaction.

CHANGES IN INDUSTRIAL RELATIONS PRACTICES

Over 100 firms have been interviewed in depth since 1986 about their industrial relations practices, and a number of significant changes have occurred over the period. Minor changes involved the introduction of "work cells" and moving hourly paid employees to staff conditions. Fifteen firms have implemented schemes of flexible working, with some initial adverse results, but with a positive response from the workforce after the early difficulties had been overcome. A total of 48 firms have introduced formal systems to improve communications procedures. These usually involved various combinations of monthly meetings and periodic briefing groups with all employees. Virtually without exception, these schemes have been successful and are credited as the major factor in improving productivity and morale.

CONCLUSION

The last ten years have witnessed very substantial

improvement in the overall labour situation in East Kilbride in terms of quality, performance and industrial relations. The incidence of unionisation among firms in East Kilbride is undoubtedly low. These two elements of data are often run together then completely misconstrued. There is no valid evidence of a cause and effect relationship. Nor is there any real evidence to suggest that non-unionised firms in East Kilbride have performed less well over the period in question. Indeed, interviews with unionised firms suggest that trades unions have played a positive role in improving the overall labour situation in East Kilbride, and thereby improving the working conditions of members. However, trades unions should also recognise that many non-union workforces in the town have benefited significantly from supporting changes in working practices. It is possible that some workers do not join unions because they are unconvinced of the benefits this would bring.

Fewer non-union firms are actively anti-union than popular myth would have us believe. Periodic efforts at increasing union membership and improving penetration among the non-unionised workforce have not always been effectively organised. However, employers need not rush to the conclusion that everything in the industrial relations garden is rosy. In particular both they and the trades unions should examine closely the poor position of unskilled workers in 1992 relative to 1986.

NOTES

1. Glasgow Herald, 18 May 1993
2. "East Kilbride: A Labour Survey", Hood N, Young S, and Hamill J; Strathclyde International Business Unit, 1982

"East Kilbride: A Labour Survey", Young S, Hamill J and Taggart J H; Strathclyde International Business Unit, 1986

"East Kilbride: A Labour Survey", Taggart J H; Strathclyde International Business Unit, 1989

"East Kilbride: A Labour Survey", Taggart J H; Strathclyde International Business Unit, 1992.

TABLE 1 THE SAMPLE COMPANIES; BY INDUSTRY AND EMPLOYMENT (1992)

	No. of companies	% of sample	Total Employment	% of sample	Female Employment	% of Sample
Food, drink and tobacco	1	0.8	200	2.0	48	1.2
Chemicals and allied	3	2.4	51	0.5	8	0.2
Metal manufacturing	6	4.8	186	1.9	43	1.1
Mechanical engineering	17	13.6	2487	25.3	214	5.4
Instrument engineering	1	0.8	8	0.1	2	0.1
Electrical engineering	4	3.2	133	1.4	66	1.7
Electronics	4	3.2	1547	15.8	877	22.3
Vehicles	1	0.8	19	0.2	2	0.1
Textiles and clothing	3	2.4	648	6.6	567	14.4
Paper, printing, publishing	6	4.8	656	6.7	242	6.1
Other manufacturing	23	18.4	634	6.5	80	2.0
Total manufacturing	69	55.2	6569	66.9	2149	54.5
Service	51	40.8	3153	21.1	1754	44.5
Commercial	5	4.0	96	1.0	38	1.0
Total	125	100.0	9818	100.0	3941	100.0

TABLE 2 THE SAMPLE COMPANIES; BY SIZE (1992)

No. of Employees	No. of Companies	% of Total	Total Employment	% of Total Employment
1 to 25	85	68.0	985	10.0
26 to 50	16	12.8	594	6.1
51 to 75	5	4.0	290	3.0
76 to 100	3	2.4	271	2.8
101 to 250	9	7.2	1379	14.0
251 to 500	4	3.2	1569	16.0
500 +	3	2.4	4730	48.2
	125	100	9818	100

TABLE 3 UNIONISATION: BY INDUSTRY

	No. of Unionised Companies			Manual Union Membership as % of Total Workforce			Nonmanual Union Membership as % of Total Workforce		
	1986	1989	1992	1986	1989	1992	1986	1989	1992
Food, drink and tobacco	1	1	1	83	100	90	33	100	0
Chemicals and allied	4	2	0	32	89	0	0	16	0
Metal manufacturing	3	2	3	34	89	27	19	0	0
Mechanical engineering	4	5	3	28	87	82	15	74	64
Instrument engineering	0	0	0	0	0	0	0	0	0
Electrical engineering	1	0	0	41	0	0	0	0	0
Electronics	0	0	0	0	0	0	0	0	0
Vehicles	0			0			0		
Textiles and clothing	1	1	1	86	73	67	58	70	43
Paper, printing, publishing	4	1	3	86	0	90	17	22	13
Other manufacturing	0	3	3	0	45	11	0	0	0
Total Manufacturing	18	15	14	40	51	47	8	40	39
Service		14	11		46	55		80	85
Commercial		4	0		21	0		28	0
Total	18	33	25	40	49	47	8	59	63

TABLE 4 ABSENTEEISM: BY INDUSTRY

	Average Absenteeism Rate %		
	1986	1989	1992
Food, drink and tobacco	3.1	5.0	4.5
Chemicals and allied	1.2	2.6	1.8
Metal manufacturing	2.5	1.5	2.7
Mechanical engineering	1.0	2.4	1.5
Instrument engineering	1.4	2.3	2.0
Electrical engineering	3.5	1.1	2.3
Electronics	2.2	2.8	1.4
Vehicles	2.0		
Textiles and clothing	3.5	7.0	9.2
Paper, printing, publishing	1.4	3.0	2.5
Other manufacturing	1.0	1.5	2.0
Total Manufacturing	2.1	2.4	2.3
Service		1.5	1.5
Commercial		1.8	0.4
Total	2.1	1.9	1.9

TABLE 5 LABOUR TURNOVER: BY INDUSTRY

	Labour Turnover %		
	1986	1989	1992
Food, drink and tobacco	12.3	31.0	1.7
Chemicals and allied	5.4	0.0	9.1
Metal manufacturing	12.8	8.0	13.9
Mechanical engineering	7.1	7.0	9.5
Instrument engineering	9.7	40.0	12.5
Electrical engineering	5.9	83.0	6.2
Electronics	3.9	14.0	7.2
Vehicles			
Textiles and clothing	16.3	28.0	12.4
Paper, printing, publishing	11.3	19.0	5.6
Other manufacturing	6.2	13.0	7.1
Total Manufacturing	8.1	14.0	8.7
Service		4.0	7.6
Commercial		7.0	19.0
Total	8.1	11.0	8.5

TABLE 6 AVERAGE YEARLY EARNINGS FOR SELECTED EMPLOYEE GROUPS (1992)

	Non Skilled	Semi Skilled	Skilled	Foreman or Supervisor	Secretary
Food, drink and tobacco		15000	22000	25000	11000
Chemicals and allied	6200	8550	11150	19750	10000
Metal manufacturing	7620	9760	12543	13922	7455
Mechanical engineering	9017	9324	12692	13384	8582
Instrument engineering	5500	7000	10000	12000	6900
Electrical engineering	6100	8000	12000	13000	9750
Electronics	7597	8310	13789	14739	9759
Vehicles					
Textiles and clothing	5400	6520	8400	10000	7500
Paper, printing, publishing	8070	10335	13365	15900	9080
Other manufacturing	8467	10042	12183	14363	8713
Total Manufacturing	7856	9537	12496	14363	8713
Service	7553	9543	12043	12574	8925
Commercial	9000	8010	11250	13000	9746
OVERALL	7780	9510	12284	13749	8874
OVERALL (1989)	6062	7120	9209	10963	7208
OVERALL (1986)	6300	6033	8287	8841	5310

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Chemicals and allied	6200	8550	11150	19750	10000
Metal manufacturing	7620	9760	12543	13922	7455
Mechanical engineering	9017	9324	12692	13384	8582
Instrument engineering	5500	7000	10000	12000	6900
Electrical engineering	6100	8000	12000	13000	9750
Electronics	7597	8310	13789	14739	9759
Vehicles					
Textiles and clothing	5400	6520	8400	10000	7500
Paper, printing, publishing	8070	10335	13365	15900	9080
Other manufacturing	8467	10042	12183	14363	8713
Total Manufacturing	7856	9537	12496	14363	8713
Service	7553	9543	12043	12574	8925
Commercial	9000	8010	11250	13000	9746
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TABLE 7 PERCEPTIONS OF THE GENERAL LABOUR SITUATION IN EAST KILBRIDE (1992)

	Number of Companies Reporting (%)					
	Poor		Satisfactory		Good	
	Number	%	Number	%	Number	%
Availability	2	2	65	57	46	41
Attitudes	2	2	51	45	59	53
IR Quality	1	1	31	28	78	71

TABLE 8 STAFF ATTITUDES TOWARDS TQM (1992)

	No. of Companies	TQM Received by Staff		
		Well	Average	Poor
Food, drink and tobacco	1		1	
Chemicals and allied	1		1	
Metal manufacturing	3	1	2	
Mechanical engineering	10	8	2	
Instrument engineering	1		1	
Electrical engineering	1	1		
Electronics	3	2	1	
Vehicles				
Textiles and clothing	2	1	1	
Paper, printing, publishing	2	2		
Other manufacturing	6	1	5	
Total Manufacturing	30	16	14	
Service	21	12	9	
Commercial	1		1	
Total	52	28	24	

Figure 1

Sample companies by time established

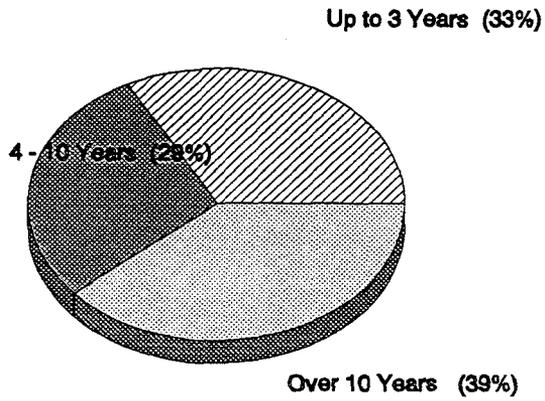


Figure 2

Incidence of TQM by industry

