

# Partnership Under Pressure: How Does it Survive?

**P Reilly**



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## **PARTNERSHIP UNDER PRESSURE**

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# Contents

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<b>Executive Summary</b>	<b>ix</b>
<b>1. Introduction</b>	<b>1</b>
1.1 Why the report?	1
1.2 Structure of this report	3
<b>2. What is Partnership at Work?</b>	<b>4</b>
2.1 Definitions	4
2.2 Where did partnership come from?	7
2.3 Why have partnership deals been done?	9
<b>3. Sources of Pressure</b>	<b>11</b>
3.1 Introduction	11
3.2 Structural pressures	12
3.3 People challenges	17
3.4 Substantive issues	30
3.5 External pressure on partnership	35
<b>4. The Consequences of Pressure on Partnership</b>	<b>38</b>
<b>5. Responses to Pressure</b>	<b>42</b>
5.1 Institutionalising partnership	42
5.2 Practical steps	50
<b>6. Whither Partnership?</b>	<b>64</b>
6.1 Too clever by half?	64



6.2 Is there an alternative?	65
6.3 Why partnership and what benefits?	66
6.4 Prerequisites for success in employee relations	68
<b>Bibliography</b>	<b>71</b>

# Executive Summary

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## Introduction

Partnership is very much in vogue at the moment. It seems to be the only way to conduct employee relations. Yet it is not that common. The TUC reckons that there are only around 60 bona fide partnership arrangements in existence. This is despite the support of the government and the TUC's own efforts at promoting the idea. This study, funded by the IES Research Networks (formerly the Research Club), aimed to look at whether partnership is a difficult concept to sustain, given the pressures of organisational and economic change.

## What is partnership?

As with many ideas that become popular, partnership is not very well defined. It is characterised by a number of common features:

- mutuality. This means that both sides recognise that there are areas of commonality, of shared interest.
- plurality. This recognises that there are areas of difference as well as areas of common interest.
- trust and respect in the intentions of the other side and for legitimate difference in interests.
- agreement without coercion. There should be the intention to solve problems through consensus, recognising business and employee needs.
- involvement and voice. This means providing opportunities for employees to shape their work environment and have their opinions heard.
- individualistic and collectivist dimension through direct and indirect (*ie* representative) forms of employee involvement.

Partnership is a way of working, but it is also a means to deal with practical issues, against the background of a changing business environment. A whole range of topics can be covered, from terms and conditions to resourcing. Many partnership deals have specifically balanced the employees' need for job security with the management's aim of maximising flexibility.

Most partnerships have developed as a response to an economic or corporate crisis – hence the need to get better productivity or reduced costs. Some have come from frustration with the ritualism of traditional employee relations. Some organisations have initiated partnership deals in more positive circumstances – the belief that it might bring higher productivity, greater employee engagement and an enhanced employer brand.

## Sources of stress

Partnership can come under pressure from a variety of sources:

- changes in corporate ownership and management – from mergers, acquisitions, joint ventures, *etc.*
- internal restructuring – downsizing, outsourcing, change programmes, *etc.*
- loss of key personalities, both management and union
- misunderstanding what partnership is all about, disagreements over the rules of the game
- lack of trust, loss of support, increased equivocation over the benefits of partnership
- imbalance in skills or knowledge making for a one-sided debate between the parties
- rows over normal business (pay and conditions, flexibility, safety, *etc.*) that are not resolved, and infect relationships across the board.

The source of some of these problems is on the management side, *eg* through making unilateral decisions on key issues without consultation, or senior management doubting the value of partnership. They can come from trade unions – support may exist from full-time officials but not be backed by shop stewards, or vice versa. Employees may reject the partnership notion, seeing their representatives as management 'poodles' unable to look after their interests properly.

## The impact of partnership problems

If employee relations start to deteriorate then there are likely to be direct effects on the business:

- productivity rates to fall
- quality standards to drop
- absenteeism to rise
- resignation rates to grow
- employee/management disputes to increase.

These problems may be greater in partnership organisations precisely because of high expectations of having quality work relationships. Many difficulties may arise over time, as trust begins to disappear and fear grows over what the future will bring. The whole partnership edifice begins to crumble. The bricks, made up as they are of personal relationships and supported by intangible trust and understanding, begin to fall. Processes are neglected, old style behaviours return. This then leads to a deteriorating employee relations climate, poor organisational health, and the practical manifestations of having a disenchanted workforce.

## How best to respond?

Institutionalising partnership arrangements seems to be the key method to develop a robust employee relations strategy that will survive the turbulence of organisational life. It is the method by which you can ride out changes to the principal players and preserve your approach through changes of ownership. This can be done by embedding partnership in the culture of the organisation, in its structures, systems and processes. This means reinforcing your consultative and communication arrangements. This can be supported by training managers and employee representatives so that they understand how partnership should operate. You can encourage appropriate management skills through recruitment and selection for promotion. You should be aiming to develop a management style that seeks employee involvement and finds ways of engaging the workforce. Practical problems that cause irritation between the parties, over reward, resourcing, working conditions and the like, should be tackled to negate these as sources of conflict. Finally, you should monitor

your organisational health to give yourself early warning of upcoming difficulties.

## Future of partnership

This is a sophisticated form of employee relations. For employees and their representatives, they can be well informed, consulted, have a *voice*, but in the end management decides. Difficulties exist on the management side too. Senior management might be committed to partnership, because they like the theory, but their line managers might not be enthusiastic. HR might be keen but cannot persuade operational managers to change their style. There may be a charismatic flag bearer of partnership, but partnership is vulnerable if such an individual moves on.

However, what is the alternative? Is it to move to adversarial industrial relations? How realistic is this in the global economy? Or, there could be the return to 'constructive antagonism,' where there will be areas of conflict and collaboration. This is the traditional approach to UK labour relations, but how well has it served either management or trade unions?

## Prerequisites for success

On the basis of research evidence and practical experience, what are the necessary conditions that will make employee relations work well using a partnership approach?

- **Top-level commitment.** If senior management (and the board) does not support partnership it will not survive the next crisis.
- **Risk-taking by both managers and representative groups.** Organisations have to trust employee representatives with sensitive information, and representatives recognise that this may constrain their ability to oppose change.
- **Acceptance of multi-channel representation.** Trade unions may have to accept sitting down with non-union representatives or members of other union groups if they are to have access to business information or the right to be consulted.
- **Dealing with recalcitrance** among 'old school' middle managers and union representatives.

- **A move away from confrontation.** The aim is for win/win solutions by seeking end results that satisfy both parties, rather than win/lose from an adversarial approach.
- **Acceptance of the validity of each other's goals.** Employees have to accept business priorities and pressures. Managers have to accept that staff involvement, participation, motivation and skill development are central to meeting business objectives.
- **Marketing the benefits of partnership.** Employees may need convincing or reminding of the advantages of their employee relations structures.
- **Recording the partnership approach in the way that best suits the organisation.** This is either in a written procedural agreement or through a statement of principles. Alternatively, leave it to be a matter of trust between the parties.
- **Integrating employee relations with other people practices.** Partnership through representational structures ought to be combined with some form of share ownership or profit sharing, direct employee involvement in job design and/or self-managed teamworking, effective communication and investment in training and development.
- **Recognising the individual.** Managers and representatives have to understand and respect the differing needs of staff.
- **Investment of time and energy.** To make partnership work, managers and employee representatives have to recognise that time has to be spent in nurturing the idea.



# 1. Introduction

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## 1.1 Why the report?

Partnership is a popular theme at present. In industrial relations, it has taken the form of developing a different kind of relationship between employers and employee representatives, usually trade unions. Instead of antagonism, management and employee representatives seek ways of building bridges, recognising each other's needs and framing agreements that allow for give and take.

These ideas have been given greater impetus because of labour market tightness – organisations have to work hard to secure and retain employees. The Labour Government has given its support. It has established a partnership fund to encourage partnership initiatives, including the training of employee representatives. The EU is pressing for improved employee involvement, not just through European works councils, but also through national works councils and improved consultation on transfers and redundancies. The TUC has recently established the Partnership Institute offering training and advisory services.

However, how much of the interest in partnership on the employer side is really a reflection of a subtler management style? Is management still asserting its right to manage in its own way, but using a means that appears to offer employees greater participation and recognition? In other words, is partnership really based on a 'commitment to pluralism' or part of a sophisticated 'non-union agenda'. Rather than risk the potential trauma of de-recognition, employers may leave in place the 'empty shell' (Bacon and Storey, 2000) of emasculated union structures.



On the union front, how much does their interest stem from weakness? Declining membership, reduced industrial muscle and extensive de-recognition have taken their toll of trade union power. Is partnership for them an opportunity to have the semblance of influence, if not the reality?

Even if both parties to a partnership deal see it as the right vehicle for employee relations, how successful is this arrangement when it comes under pressure? From the union side, there may be those, especially of the political left, who oppose the very concept and work to undermine it. Employees themselves may be suspicious that their representatives have sold out to management, and are not prepared for the give and take of partnership. Management may for its part respond to business pressures by closing plants, cutting manpower or changing working practices. Alternatively, the organisation may be taken over by a new company with no history of partnership arrangements. What will the response of the partnership parties be to such developments?

With support from the IES Research Networks (formerly the Research Club), a project was undertaken to look at partnerships under pressure. Specifically, its aim was to examine:

- the extent to which partnerships were relationships between equals to enable them to overcome difficulties
- the motives of the protagonists in setting up a partnership deal in the first place
- how the relationship developed over time
- how successfully it dealt with crises
- what the players regarded as necessary to the success of the partnership and what would they regard as fatal to its cause.

The methodology chosen was one of studying a few partnership deals in some depth, rather than attempting a broad coverage. In the event, it proved difficult to find and work with many suitable case studies. This report is therefore based on an in-depth look at a small number of public and private sector partnership arrangements, supported by more superficial involvement in various other partnership deals. A brief scanning of the literature supports these case studies.

## 1.2 Structure of this report

We will begin this report with a clarification of the meaning of *partnership* in this context. Chapter 3 will look at the sources of pressure on partnership arrangements and then in Chapter 4 at the consequences of this pressure. In Chapter 5 we consider how organisations respond to these challenges. The last section will offer some thoughts for the future.

Given the sensitivity of some of the material, all references to organisations are anonymised, except where they have already been reported, and so are in the public domain.

# 2. What is Partnership at Work?

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## 2.1 Definitions

As with many such concepts, partnership is a difficult term to pin down. There seems to be no clear definition and no single model of a partnership arrangement in operation. Partnership seems to be more a set of principles and practices rather than a prescriptive theory. This allows various arrangements to fall within its compass covering employment relationships in their broadest form.

Various people have tried to define it, but have come up with different versions. The best short description has been offered by Larry Adams, an American consultant involved in a number of partnership deals:

*'A partnership is an interest based relationship – that is, a relationship based not on simply power or rights but on the satisfaction of mutual as well as separate interests.'*

The TUC has put forward six key principles of partnership:

- shared commitment to the success of the enterprise
- recognition of legitimate interests
- commitment to employment security
- focus on the quality of working life
- openness
- adding value.

Willy Coupar, Director of the Involvement and Participation Association, a pressure group for and facilitator of partnership

deals, has suggested that a partnership approach is characterised by (Coupar and Stevens, 1998):

- a commitment to business success
- recognition that flexibility and security questions need to be addressed
- the building of relationships at work which maximise employee influence.

Mick Marchington, Professor of Human Resource Management at UMIST, describes the position somewhat differently (1998). For him partnership has four themes:

- communication
- training
- terms and conditions of employment
- corporate values/ethics.

Guest and Peccei (1998) in their report on partnership say that it is based upon:

- three commitments:
  - to the success of the organisation
  - to trust and employee involvement
  - to the legitimacy of everyone's role
- and four building blocks:
  - competing desires for employment security versus employee flexibility
  - sharing success
  - informing/consulting and involving staff in workplace and policy decisions
  - providing independent representation of employees.

Although there are different words used and sometimes different emphasises, there are common themes that emerge from these lists. The key element is that a proper partnership approach must be based upon **mutuality**. This means that both sides recognise that there are areas of commonality, of shared interest. But, partnership also critically relies upon an acceptance of **plurality**. Thus the concept is predicated on establishing areas of common

interest, especially the success of the enterprise, and on recognising areas of difference, *eg* in the employees' need for job security as opposed to the management's aim of maximising flexibility.

For this balance to be achieved between convergence and divergence, the relationship between the parties needs to be underpinned by **trust** and **respect**. There has to be trust in the intentions of the other side, that each party respects the difference in interests and accepts their legitimacy.

Trust also extends into a mode of working. Under partnership arrangements, there should be an intention of reaching **agreement without coercion**, based on a commitment to solve problems recognising business and employee needs. The aim is for consensual decision making. This is supported by both parties developing a shared understanding of the issues and problems that confront the organisation. Hence the importance of information provision in the definitions cited above.

Providing opportunities for employee **involvement** and giving them a **voice** are other key dimensions reflected in the partnership approach. Employee involvement is not restricted to formal consultative channels (like works councils or joint consultative committees), but also includes direct partnership in decisions relating to work. The oft-abused *empowerment* term actually captures the sense of employees impacting upon their work tasks/organisation. Employee voice also has wider connotations than participation in decision making. It is a more philosophical point about employees being able to be heard and listened to. It is connected with establishing the importance and legitimacy of their interest.

Having both direct and indirect (*ie* representative) forms of employee involvement emphasises that partnership can have both an **individualistic and collectivist** dimension. The significance of this is that it recognises the role of a representative body, usually but not always a trade union, but also values the direct participation of employees in daily work decisions.

The above lists emphasise that there is a **practical** aspect to partnership. It is a way of working but also a means to solve problems, deal with issues. The TUC definition, for example, highlights quality of working life as a partnership topic.

Marchington refers to terms and conditions and training, which are both areas where IES has itself been involved in partnership working. Other issues where partnership may be visible include work organisation, resourcing, and health and safety.

One other underpinning feature of partnership is the organisation's **ability to adapt and change** in order to meet its business objectives. This sense is particularly strong in the early American versions of partnership. It is an approach that risks being more unitarist than pluralist in outlook. Yet, in recent years in the UK, there has been a greater acceptance by the trade union movement that there is a 'joint commitment to the success of the organisation' (John Monks, October 1998, Institute of Personnel and Development conference).

## 2.2 Where did partnership come from?

The origins of the partnership concept are various. Similar ideas can be traced back to philanthropic industrialists earlier in the century, or to joint consultation initiatives of the 1920s. There was the socio-technical approach of the Tavistock Institute in the 1960s and 1970s, emphasising the need to interest and involve employees directly in their work. There was talk of industrial democracy and employee financial participation also in the 1970s. Some people point to the development of ideas circulating in the USA of the 1980s, as part of the Human Resource Management movement, that mutuality should be inherent in employment relationships for good business reasons. The European Commission has promoted dialogue between social partners at national and enterprise level. It has also talked of the need to balance the flexibility sought by employers with the security desired by employees – the cornerstone of many partnership agreements. Closer to home, the TUC adopted 'The New Bargaining Agenda' in the late 1980s and early 1990s. This suggested that unions should aim for a more constructive approach to industrial relations, involving areas beyond the traditional bargaining of terms and conditions to encompass matters such as job security, training and development. This grew into full-scale support for the partnership concept by end of the 1990s.

There have also been institutions framed in a way that emphasises co-operation across the industrial divide. Tri-

partism, eg in NEDO, involving government, trade unions and employer bodies was in vogue in the 1960s. A balance of employer representatives and trade unions is now to be found in such institutions as ACAS and the Low Pay Commission. The latter has been a notable example of partnership at work in the policy field (Brown, 2000).

The election of a Labour government in 1997 gave further impetus to partnership. It has largely been happy thus far to implement legislation that fosters co-operative employee relations. The principal exception had been its resistance to the creation of national works councils, but even here it has reluctantly accepted the majority position of the EU Council of Ministers. It has signed the social chapter of the Maastricht Treaty, which has brought works councils to trans- and multinational companies (applying to those with more than 1,000 employees within the member states of the European Union, at least 150 of whom are employed in two different member states). It has extended consultation rights on redundancies and company transfers. It uses the same 'flexibility with security' expression as the European Commission in emphasising that it believes in a partnership approach to problem solving. Furthermore, the government has established a partnership fund to support initiatives in the training of managers and employee representatives. The route to trade union recognition has also been eased, on the basis that employees should be freer to have the support of the representatives of their choice. And there has been a raft of regulation intended to re-balance the power at work between employee and employer.

All this has been assisted by the existence a tight labour market. Unemployment has to date been steadily falling to around the five per cent mark (using the ILO definition). In some parts of the country, employers have found it hard to attract new recruits, and especially in the public sector there are large numbers of vacancies in particular occupations. Employers therefore have had to work harder to attract and retain staff. An *instructive* management style that might have been acceptable in the early 1980s does not seem so appropriate in 2001, not least because of the evidence that a committed workforce can deliver positive business outcomes. (See Reilly, 2000 for a review of this evidence.)

Having the means to obtain business success has become all the more important as competitive pressures have grown and become more international in nature. Consumers have become more demanding, affecting the public as well as the private sector. Organisations have responded by acquisitions and disposals, quicker innovation of products, changing structures, cost reductions, new ways of working, *etc.* In other words, partnership has to be seen in the context of a fast moving business world that is both a threat to constructive employee relations and an opportunity to re-position them in a way that obtains the best from the workforce.

## 2.3 Why have partnership deals been done?

Partnership deals have come about for a variety of reasons. Most partnership arrangements seem to arise from a crisis in the business or in employee relations. This could be because of a collapse in these relations, or a specific strike. Barclays, for example, has described its partnership as arising 'from picket line to partnership'. BALPA and British Airways' partnership deal came after a cabin staff dispute. It is more commonly because of a difficult business situation, as in Allied Distillers or Blue Circle Cement. The argument is: 'We need to change or we will go under'. For other organisations, more narrowly, it is about developing an effective change programme. Without trade union support, change would be impossible to deliver, or without employee commitment, change would be ineffective. Ironically, this frequently means that partnership starts with job losses, closures, new terms and conditions.

Then there is partnership grown out of frustration with traditional ways of negotiation and confrontation. Other managers have complained about the ritualistic nature of employee relations. One MD decided that there 'has to be a better way' after the annual pay round took up 23 meetings. Another felt that negotiations was like dancing the *pavane* (Jacks, *et al.*, 2000).

Some deals do have a more positive origin. Airbus UK realised that it had to change its employee relations approach if it was to meet business growth targets. Many utility companies turned to partnership as the most appropriate approach to transform their employee relations in a private rather than public ownership setting. Tesco could see that partnership might bring higher



productivity, greater employee engagement and an enhanced employer brand. For the civil service, partnership is part of the broader modernisation process.

Usually it is the management that drives the change, but sometimes there is a recognition that things need to move on from both a senior manager and trade union representative. Indeed, as the partnership model has become more established, it is equally possible that trade unions will see it as much of the way to go forward as management. For example, the secretary of the Thames Water unions proposed a partnership arrangement for that company because of positive experience elsewhere (Industrial Relations Services, November 2000).

# 3. Sources of Pressure

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## 3.1 Introduction

In this section we will look at the trials and tribulations that any partnership arrangement might face. Some may be peculiar to the particular sector. Obviously, commercial companies are subject to takeovers or mergers in a way that public sector organisations are not. Some issues may arise at particular points in the development of a partnership deal. Thus threats to mutual trust may be greater during the early stages, whereas disinterest or apathy may be problems for long standing partnership arrangements. The external context too may be shifting in ways that promote partnership (*eg* government funding for partnership training) or hinder it (an economic recession that causes a slack labour market that might leave some employers less interested in employee relations health).

Given the variety of circumstances that face organisations and representative groups, this is necessarily a generalised account of pressures that they might confront. The pressures have been loosely grouped together thematically for ease of understanding. We look first at the effects of structural change within an organisation. Then we examine people issues, *ie* those stemming from management, representatives or employees. The third cluster concerns substantive problems that may arise during the course of normal business, but which threaten the stability of the partnership arrangement. Finally, we look at the impact of the changing economic and political context within which organisations operate.

## **3.2 Structural pressures**

Under this heading we have in mind the impact of organisational change that affects partnership as seen in changing structures. In particular, there is the impact of change in ownership to be considered. This may result from the merger of two companies to form a new organisation. It may happen through the takeover of one company by another, such that the acquired company to varying degrees is absorbed into the structures of the acquiring organisation. There are also alliances or joint ventures that may lead to new organisational constructs.

Besides these high level changes in ownership and structure, there are also changes that are internally driven. Delaying (taking out management levels), moving to a matrix organisation, introducing business streams in place of functions, launching a shared service administrative model, and such like, will all affect structures and may impact on partnership.

### **3.2.1 Takeovers and mergers**

The degree to which partnership is indeed affected depends partly on the extent and depth of the change, but also upon luck! Takeovers are clearly the most fundamental cause of change. A flourishing partnership approach may be threatened by the arrival of new owners who may be at worst antipathetic to partnership or indifferent to it. They may not be prepared to share information with employee representatives; trust them with confidential data; consult before decisions are reached; or allow employees significant input into their work management. With the arrival of the Employment Relations Act, hostility might not lead to the de-recognition of trade unions, as in the past, but, for partnership to flourish, management has to invest time and energy. This simply might not be forthcoming.

These issues present themselves in different forms, depending upon the nature of the change of ownership. Acquisition of one company by another in the same sector may raise different issues than one firm taking over a very dissimilar type of organisation. In the former, the new management may at least be familiar with the employee relations issues, though this does not guarantee that the same approach would be taken. Organisations from wholly different industries may need time to understand the way

in which things operate. Another dimension to the ownership equation is whether the acquirer is foreign owned and, critically, from which country of origin.

Anecdotally, it is suggested that US companies are less likely to be sympathetic to partnership, especially if they are not unionised in America. The HR manager of US owned Borg Warner said that the parent company did not like their agreement with the trade unions. 'We have been called communists and are not allowed to visit plants in the US to talk about partnership. But as long as we continue to get results we are allowed to get on with it (Walsh, 2000a). In this situation, the American owners may support partnership because of its avoidance of conflict, but not see the collolary that employees need to be informed and involved. UK companies with EU owners are more likely to get a sympathetic hearing over partnership. To the Germans, Dutch and most other EU countries, consulting your employees is normal business. There is research evidence (Millward *et al.*, 1992) that they bring their practices to the UK. This suggests that partnership will be supported in these circumstances. The same argument may apply to Japanese acquisitions. They may be supportive of mutuality based employee relations. The criticism of the Japanese approach is that mutuality is emphasised in a way that incorporates the workforce and denies them their own independence of view and action.

In the above discussion, we have assumed that the company on the receiving end of a takeover is in danger of losing its partnership approach because of the attitudes of the acquiring management. In fact, in our research we have uncovered problems the other way round.

During a company takeover the partnership process went 'missing' according to one trade union critic in the acquiring company. Whilst employees were kept informed, representatives were not given special briefings or a chance to input. Having acquired the company, there was then a debate about the employee relation's style that would be adopted. Would it be separate for each of the constituent companies? Would it be integrated? If the latter, it was not self evident that the partnership approach of the acquiring company would prevail. Some of its managers were attracted to the more traditional management style of the company they had taken over. Perhaps it was more akin to their own preferred approach? Perhaps they felt it was the right thing to say at that moment in the chase for

the top jobs? Other managers realised that change had been secured because partnership was in place and they would be foolish to throw away its benefits. How was this difference of view to be resolved? Through a formal management decision or by discovering what works best in practice?

Mergers of equals, one might have thought, would be less of a challenge to partnership than being subject to a takeover. This may be true if the merged companies keep their two parts separate. However, if a common culture is desired and the merging parties have different approaches to employee relations, then those in favour of a partnership model may have to fight their corner. Supporters of partnership may think its benefits are self evident, but other managers may be sceptical of joint working with trade unions. This may be based on ignorance of a unionised environment or bitter experience of conflictual employee relations that has left them with the feeling that the leopard cannot change its spots. There are also managers who, for practical reasons, fear slower or compromised decision making if trade unions are too involved. Such scepticism is illustrated in the example below.

When two companies merged they reviewed their approach to employee relations. One had developed a partnership style, the other was more traditional. Managers from the latter organisation could not see how business objectives were met under a partnership banner. Was not decision making slowed or compromised? How could the other company give job security guarantees without damaging the business? Was not their business-like approach much more effective, as it was easily understood by managers and trade unions alike? The partnership company found itself on the defensive, justifying its methodology both in terms of process and outcome.

### **3.2.2 Joint ventures**

Alliances with other organisations should not disturb each party's employee relations methods; sharing a common marketing or product development strategy need not affect the management of people. Joint ventures, however, go further in that this implies that there is the establishment of a new organisation. This may have distinctive resources, with different terms and conditions and employee relations arrangements. These may be wholly separate from either (any) of the joint venture companies; indeed, it may bear no resemblance to the parent companies. Like the

setting up of subsidiaries, there may be a deliberate decision to create new relationships with staff, perhaps through operating in a new sector or with a new cost base.

### **3.2.3 Internal restructuring**

Internally driven structural change, without implications for ownership, should have less of an effect on employee relations. However, this would be too simplistic. Some organisational restructuring might amount to no more than rearranging the deckchairs. This may bear upon people's reporting relationships; roles may alter; responsibilities may grow or, less commonly, shrink. Staff will have to be selected for new jobs. Promotion may be on offer for some. More work for no extra reward may be the outcome for many. Of concern to those especially in the public sector is where new forms of service delivery imply changes in working hours. If customers are to be dealt with in the evenings and weekends, who will serve them or answer their calls, and what will they be paid? In production, flexibility around skills has been more problematic. The nature of work organisation and job design may be altered. Long standing demarcations between skilled groups (*eg* electrical and mechanical) or between skilled and general or process workers, may be endangered by multi-skilling or, to a lesser extent, task flexibility.

By and large a mature partnership arrangement should be able to cope with what might be regarded as a normal change programme. This might be more complicated if there is an international dimension to the change. Reporting lines may cross the Channel or Atlantic with the implications noted earlier of cultural differences in management style and expectation. Or it may be more serious if employees believe that their interests are threatened: they see fewer deckchairs or a radically different design.

Some forms of structure change may be even more threatening. The most obvious of these is downsizing, even to the point of closure. Some change of this sort may deal a deathblow to partnership. One could imagine the challenge posed to industrial harmony in companies like Vauxhall or Corus through major plant closure, or dealing with the threat to survival that the Birds Eye example shows. Job reductions are more likely to be accommodated if there are voluntary rather than compulsory

redundancies, and where there are opportunities for transfer or retraining. Partnership can be fatally damaged if the job cuts are driven through.

In 1997 the Birdseye Wall's plant at Grimsby suffered from the impact of BSE on eating habits. It was the site of the meals business and 60% of products involved the use of beef. Three million pounds had to be urgently cut from operational costs at the plant to ensure immediate survival. Thereafter further changes were necessary to respond to the changing market pressures. (IPA, February 1999)

### 3.2.4 Outsourcing

Outsourcing is another potential threat to partnership. This has particular implications in the public sector when staff may be asked to move from a highly unionised and regulated HR environment to what may be a non-unionised, individual culture. Terms and conditions may be legally protected, but the employment relationship may be very different. So great are these fears that, at the time of writing, trade union leaders are negotiating with the government to obtain special protection of their employment relationship for those who might be involved in the privatisation drive.

For private sector employees the nature of change may not be so radical. They may not have to confront moving from working in a public service ethos to a world driven primarily by commercial considerations. Yet in other respects the process of change may be just as profound and their new home just as different. All the research work done on outsourcing (eg Reilly and Tamkin, 1997; Kessler *et al.*, 1999) suggests that getting the process right in conducting the transfer is critical to its success. Unfortunately, some companies do not do this well.

In one organisation we looked at, employee representatives complained of poor or late information and of being presented with a fait accompli with no chance to influence the outcome. Since the decision was wholly in the hands of their management (*ie* there was no excuse of external pressures) the failure to inform and consult early hurt their view of partnership greatly. Management might argue that commercial sensitivities were involved that restricted their freedom, but representatives argued back that sharing such information was the point of partnership. One complication was that this discussion took place with HR managers who themselves were

not involved in the process. Local line management had taken the initiative themselves without thinking through the people consequences, or involving their people advisers.

The possibility of such a transfer is likely to challenge the partnership deal. Those being transferred will find themselves having a new owner with all the implications above. Those left behind are not untouched by the process and may have been left with their sense of security undermined. This may have a knock-on effect on any partnership arrangement either through employees or their representatives.

The process leading up to structural change can be a source of strain on partnership. Techniques such as Business Process Reengineering, or work study or analysis may be regarded by employees as the precursor to unwelcome change. The word flexibility itself can have a similar effect in some places (Reilly, 2000). Trade unions representing this concern may be antagonistic to the process, refusing to co-operate, because of fear of the outcome. Once more, how such initiatives are positioned by management is critical in how they are accepted.

### **3.3 People challenges**

It should be no surprise that one source of difficulty for partnership may come from people: after all, people can make or break any deal. But within the organisation there are different groups of people who have influence. Some of these issues have a common source; others are peculiar to that group and we will tackle them separately.

#### **3.3.1 Change of faces**

A simple problem faced by partnership relationships is the very fact that many of them are underpinned by successful personal chemistry. Whilst deals are done between organisations (say company and trade union) or between functions (*eg* HR and a representatives' committee), it is individuals who front these discussions – a CEO, an HR Director, a union national officer. On many occasions the individuals are merely representing their side of the debate. But, as we have said, since trust is a key constituent of the partnership approach, then this trust is often formed in the relationships between people. This is usually



between a senior manager, often HR manager, and a union full-time official, though it may be a lay representative.

Working through difficult times may rely on the trust and mutual respect that leaders have for each other. It may be that good personal relations underpin the way operational problems are resolved.

During a pay dispute in one organisation, the good personal relationship between the management and union representatives ensured that lines of communication were always open. There was a high degree of trust between them that allowed sensitive messages to be passed. Management and union leadership were both aware of the value of this conduit. This positive relationship was partly because the two individuals worked well together, but also because had already established rapport before the dispute. What was noticeable was that, not only did the relationship survive the pressure, but also it prospered afterwards, as there was a positive, past experience they could both refer to.

People may have an impact less through their relationships and more through their conviction. This may involve charismatic management leaders (eg a John Towers when he was Rover's MD) or national union figures (eg a John Monks). It may equally apply closer to the shop floor – individual managers, union officials or lay representatives. They energise partnership in many and different ways.

This may all be positive news, but the difficulty is that people change jobs, move on. This may put partnership back, leave it rudderless or without an advocate. An example illustrates this point.

The 'prime movers' in the Emhart Fastening Teknologies partnership deal at its West Midland plant were its senior T&GWU representative and HR/Total Quality director. The former was subject to biennial election and the later was due to retire. For the union representative there was 'as yet, no obvious replacement waiting to assume his leadership role.' The consequences of these two supporters of partnership leaving the scene was more significant because the factory CEO was 'largely passive' and the wider union uninvolved.

The transfer of a national trade union official weakened an already threatened partnership arrangement and pushed it further into decline. (IPA, 2001)

Since partnership is often based upon these personal relationships, how do they go wrong? Through:

- misunderstanding the nature of partnership
- a betrayal of trust
- equivocation by one or both of the parties
- inconsistency either in individual behaviour, or across members of the group involved (union or management)
- an imbalance in skills or knowledge.

### **3.3.2 Misunderstanding partnership**

Partnership is a difficult concept to understand and work with. So it should be no surprise that people may have differences of view as to its meaning in practice. The cynics would say that partnership is used where it suits the other party (a frequently made union accusation of management – ‘management only comes to speak to us when there is a problem’). Other participants may think that partnership is an all-embracing concept that applies to all aspects of the employment relationship. Thus terms and conditions, working practices, job design, *etc.* are to be settled through a partnership approach. In other words, consensual decision making should apply to all employment matters. Some may have a more pragmatic approach. Partnership is used where appropriate and not elsewhere. A common boundary is to separate terms and conditions out and deal with them through traditional negotiation. Whatever the views, unspoken differences can be destabilising. If one party believes it is approaching a problem in the search for a joint solution and the other is seeking to extract maximum advantage through collective bargaining, then problems will occur. Or more simply, as we have seen in our consultancy work, management decides unilaterally to impose a decision when the trade union side expected negotiation in the spirit of partnership.

This sort of difference has been seen for some time with respect to consultation. In the eyes of some managers, consultation is merely informing employee representatives of the decisions already taken. They do not see that it requires them to listen to employee views and take them into account. If representatives attend consultation meetings expecting to have their say, then they will feel frustrated if the management either does not give

them that chance or ignores their response. Managers for their part get frustrated in what they see as trade union representatives turning the partnership tap on or off as it suits them. They will cry partnership 'foul' if they are not involved, but they themselves may choose to stay aloof if it is in their interest.

### **3.3.3 Loss of trust and greater equivocation**

In the more informal environment of partnership working, it is critical that trust is maintained. If one of the parties believes that a deal has been reneged on they will be less likely to engage in future and much less likely to take risks. Less dramatically, the misunderstandings over different interpretations of what partnership means may gnaw away the trust. Not as immediately serious, but with severe longer-term consequences, is if one side thinks that the other is equivocating over partnership; if there is a sense that doubts are beginning to emerge. For example, support for partnership from the top of the organisation is critical to its success. If the trade unions begin to doubt the commitment of the top team, then they will be more cautious in the promises they accept. They will want more formal negotiation and less informal discussion. Similarly, management might think it has to drive through change because of trade union ambivalence. It may become more reluctant to give out confidential information. It will avoid testing ideas at an early stage with employee representatives. Views coming back from employees may not be received sympathetically or given much weight in management circles.

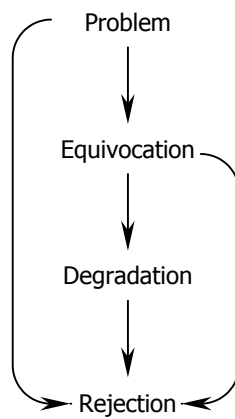
This quickly can produce a downward spiral as shown in Figure 1.

### **3.3.4 Inconsistent behaviour**

Inconsistency of approach is another problem. This may present itself in terms of individuals behaving in different ways on different occasions. They might be approachable and supportive one moment, and hostile the next. This makes it hard for those dealing with them to anticipate their reaction to a particular idea or proposal. More commonly, within the trade union or management group, there may be widespread variation in practice. This may stem from a lack of an agreed interpretation of partnership in practice, or over how much latitude managers are

**Figure 1: The downward spiral for partnership**

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Source: IES

given to make decisions. This was illustrated by a manager at United Distillers who said that ‘there was a debate going on in the plant between discretion and inconsistency’ and a discussion on whether ‘partnership is about consulting employees over decisions which have already been taken, or ‘There is something going wrong in the business, give us your ideas’ (Marks *et al.*, 1998). Royal Mail had a similar experience over consultation with some areas involving representatives in business strategic decisions and others treating it as a ‘green light to exercise unilateral power’ (Bacon and Storey, 2000).

One manager remarked that he could see that some trade union colleagues were committed to partnership, to mutual solutions and to the success of the enterprise. Others found it hard, he said, to move from a more traditional approach that received management proposals, consulted and came back with counter-proposals. He thought there were similar differences in management circles between those who used partnership instrumentally and those who were committed to its ideals.

### **3.3.5 Imbalance between the parties**

Partnership also suffers from the risk that management has the skills, the resources and the knowledge to be effective, whilst employee representatives lack all of these things. It is one argument the trade union movement makes against non-union

representative structures – how are the individuals to be trained and supported? It is one of the reasons why trade unions wish to invest so much in representative training. Despite good intentions though, many shop stewards lack financial and business awareness and knowledge. They may have had negotiation skills training but are less prepared to operate where more informal influencing is required. The consequences of having an under-skilled representative group is that they cannot join in as effectively in debates concerning business strategy, organisational structures, product development and all the other high level issues. They are less effective at influencing and are more likely to be passive recipients of information they do not fully understand, than actively challenging senior managers and making creative proposals. Any imbalance of this sort weakens the quality of the relationship. As a manager at Welwyn and Hatfield Council lamented: ‘management is expected to come up with all the proposals and have all the answers’ (Industrial Relations Services, August 1997).

### **3.3.6 Loss or lack of management support**

As we argued above, the departure of key personalities may weaken senior management support, but there are other dangers. Executives or directors may sign up to partnership without thinking through the implications. Not all these people may be as enthusiastic as some of its advocates. They may have been seduced by the argument of the CEO, or believe it to be in their career interests to go along with the idea. Some may see partnership more instrumentally as a means by which employee representatives are co-opted to the management project or their opposition to management plans neutered. Differences of view may surface in the approach taken to involving staff or handling an employee relations issue. It may arise in taking decisions on the manner of dealing with a change programme. It is most likely to happen when a crisis occurs. As the example below indicates, this is the time when assured decision making is most needed, not the point where fundamental differences in employee relations approach surface.

In one company that nominally adopted a partnership arrangement based on a job security versus flexibility exchange, many of those involved saw this as a pretty transactional deal. Only a few managers thought that it offered a new approach to employee relations. Given

this background, little practical progress was made. Managers and unions continued to adopt traditional styles. When later business problems arose, the differences of view of the managers became apparent. Some managers wanted to make partnership work by finding areas of mutuality; others were happy to manage any conflict that arose from management pushing forward its plans. People 'reverted to type'.

The same problem occurred at Hyder when substantial job losses were required. Some managers became impatient with the voluntary severance approach that had been agreed and wanted to select those to be made redundant (IPA, no. 3, 1995).

Line managers are a group that also may not be fully on board with partnership and may prefer the more instructional style of management if they have a choice. This poses significant problems for partnership because it is in the direct participation in their work that employees experience a different way of management. It does not matter that business or union leaders talk about the benefits of partnership; if employees are not involved, listened to or encouraged, then they will not deem it a success.

Depending upon the environment, first line supervision may hold traditional and entrenched views. As described by one manager, you often hear 'it took me 20 years to work up to a position where I could tell you what to do and now someone's saying that I've got to ask you and I'm not sure I like that' (Marks *et al.*, 1998). These managers often have a vested interest in the status quo and tend to sabotage efforts to change processes or practices. Quality management has suffered in similar ways (reported in Knell, 1999). They may specifically object to stewards being better informed than themselves, or that they get bypassed in the decision making process. Some may view managers involving their staff as being too 'soft'. In one public sector organisation, line managers were prepared to concede that employee representatives might have a role in policy formulation, but not in implementation. The opposite view is often heard in private sector companies.

### **3.3.7 Union scepticism**

It is not just in boardrooms or management committees that scepticism about partnership may become evident. Some trade unionists have objections in principle to the partnership notion.

Trade unions are not monoliths. There are many and varied views within them, including on partnership. This may neatly form along hierarchical lines: the national leadership might be supportive, local full-time officials less so, and workplace representatives/stewards hostile. Of course, one cannot make such assumptions. By and large, trade union general secretaries may be favourable towards partnership (though this may be changing – see Maguire, 2001), but this does not mean that all national officials are so convinced. A general secretary may give real impetus to a partnership deal, but other leading members may be more wedded to traditional approaches to employee relations. They may not necessarily be class warriors, though some appear to be:

*'It is all this partnership stuff again which ignores the age old conflict between capital and labour. These conflicts don't just get resolved because Blair thinks it would be a good idea for us all to get along. If the Tolpuddle Martyrs had forged a partnership with the Dorset landowners, then there would be no TUC Congress for Blair to address. What the PM wants is employees and unions which are house trained. When Blair uses the term 'partnership' it is code for workers' subservience.'*

Geoff Martin of Unison in a *Guardian* interview at the time of the 1999 TUC Conference (*Guardian*, 1999b).

They may believe that partnership is a lot of hype that misconceives past employee relations and underestimates future difficulties. An academic critic of partnership arrangements, John Kelly, argues that trade unions get 'attracted by empty promises of influence over business decisions and job security for their members', whereas management wants 'unions to commit themselves to the overriding importance of the employer's agenda based on profits.' The consequence is more job cuts, poorer terms and conditions and consequently greater profitability (IPA, November 1999). A critique such as this contends that in dealings with employees there have always been areas of co-operation, perhaps over training and development or HSE, along with fierce negotiation, eg over terms and conditions. Sometimes confrontation has occurred, yet even here most trade unions and management have ultimately sought agreement that is usually based on compromise. So what is new about partnership? This is the question posed by these sort of critics. They worry that the distinctiveness of partnership is that it fails to recognise the

independence of the employee interest. They fear the unitarist form of HRM will drive relationships: employees will see the organisational interest as predominant. Rather, they believe employee relations should reflect the power struggle between capital and labour, accepting that the parties may work in concert when interests coincide, but recognise that divergence may be appropriate if both sides have to fight their corner. For them, partnership may be seen as a marketing tool or the latest fad. They observe that some colleagues promote partnership for careerist reasons (it is the way to get on) or for instrumental reasons. The latter accusation is that, like employers who use partnership merely to satisfy their needs, some trade unions aim to win beauty contests with employers by offering a partnership deal. This is a re-run of the argument about no-strike deals of ten years ago. Gaining membership is the goal, any means to achieve it are deemed acceptable. This surfaced in membership and recognition disputes at Western Mail and Echo and GO with unions accusing each other of invading their territory, cosyng up to management or securing jobs (Walsh, 1999).

Differences of view at national level may be replicated at local level. Convenors or senior representatives/stewards may be in favour of partnership, with individual shop stewards against. This may in part reflect that senior representatives may be well involved in workplace involvement. They may be given confidential information by management and consulted on change. Other representatives may not be brought into the picture until later when the deal is done. Another reason for difference of view may stem from differences of experience. Local stewards may not see partnership at work. Instead, they see line managers ignoring them and using dictatorial methods to accomplish their tasks. Senior stewards may principally deal with HR managers or more senior general managers, for whom employee involvement is company policy. Shop stewards may see the difference between what they hear from senior management and the commitment of line manager quite starkly: 'it's great when you're sitting with people at the top of the tree and we are all agreeing what should be done, but when you get back to the ranch it's a different story' (Marks *et al.*, 1998).

How these issues play out, naturally depends upon how deep partnership goes within the organisation and the relationship between operational and general management. Research into



partnership in the drinks industry suggested that the position of shop stewards has been undermined over time as their role has been eroded (Marks *et al.*, 1998). The combination of marginalisation over influence and role may make it harder to recruit representatives, especially if it not seen to be a good career move. This compounds the problem: poorer quality or fewer representatives are less likely to be included in any decision making process.

Even supporters of partnership may begin to have their doubts. They may feel that employees acquiesce in the decisions made, rather than truly assent (Beardwell, 1998). This may be because the business pressures may make them feel that they have no choice but to agree. Representatives may complain that management gives lip service to the partnership concept but does not deliver it in practice. Tony Woodley of the T&GWU in speaking about Rover complained: 'Managers were preaching partnership, but we've not seen genuine co-operation and involvement at the sharp end of decision making' (Whitehead, 1999). The problem may be that representatives feel that management defines the issues and sets parameters on what it believes to be legitimate for employees to question or propose. As one shop steward put it: 'Management is very supportive of us and our role – provided our suggestions are to the company's benefit' (Marchington, 1998). Elsewhere, it has been said that shop stewards could only criticise if their objections were 'couched in terms of operational efficiency or corporate competitiveness' (Marks *et al.*, 1998). Another representative said that union opposition was viewed negatively by management as not appropriate to their partnership approach. In other words, rather than partnership being seen as a model based on mutuality and plurality, it is closer to the unitarist HRM model.

Union organisation too can play a part in the effectiveness of representatives. One bemused HR director told us that he had relationships with two unions. One had a top down model of organisation. The full-time official told the HR director that he was to ignore company representatives and deal only with him. The full-time official would handle local representatives. The other trade union had a bottom up organisational model. The company representatives were free to make their own decisions; the full-time official was rarely to be seen. Clearly, differences of this sort have a profound effect on the nature of the partnership

relationship. The centralist model poses a real threat in terms of local representative exclusion, with all the risks of local antipathy noted above. The decentralised model works well for partnership, if the organisation's representatives are on board. If they are not, the absent full-time official will not be playing the usual problem solving role that places what is happening into the wider context.

Union structure may not be aligned with the organisational structure, making communication and consultation awkward and cumbersome. One public sector organisation found it could not settle its consultative framework, following an organisational restructuring, because the trade union had not yet organised itself on the new geographic basis. If this slows decision making it can weaken the trade union's participation in debate. This happened in Tesco where management found that USDAW's democratic process slowed their response, inducing management frustration (Allen, 1998).

Some antagonism towards partnership derives from a lack of inter-union co-operation. Where there is a multi-union presence, if partnership is working well, it does as much to bring the trade unions together as it does unions and management. Where partnership is struggling in this situation, it may be due to inter-union rivalry. This may be caused by disputes over membership, by different models of how to conduct business, or historical enmity. Squabbles or conflict will make it harder for co-operation to develop. There will always be one group happy to put a spanner into any agreement. Even the more positive representatives may be reluctant to agree decisions with management for fear of being outflanked by the other trade unions.

In the formation of the Allied Distillers partnership deal, the GMB was supportive of a discussion, whereas the electricians and engineers were doubtful. The partnership programme 'was like a skeleton; there was no meat on it', said the AEEU convenor. (IPA, April 2001)

Union antipathy may grow if it perceives itself to be marginalised. Complaints come from trade union activists at the use of focus groups and surveys to allow management to gather employee views independently of their representatives. Traditional trade unionists think they should be the only vehicle through which management hears the employee voice. Aggravation can come

too if the union believes its facilities are inadequate – having the time and resources for representation. Cutting these facilities, as happened in one company we visited, is likely to inflame passions and lead many on the trade union side to conclude that management is not serious about partnership.

Another area of dispute concerns the representation of those not covered by collective agreements. Many trade unionists have in the past refused to sit in the same room as those elected to represent non-trade unionists, let alone participate in a common forum. Many partnership arrangements make clear that all staff need to be involved in the appropriate fora. In the early stages of partnership at Allied Distillers, union representatives complained about non-union representatives because they lacked training and understanding. Moreover, these representatives were seen to have power but no responsibilities (Marks *et al.*, 1998).

### 3.3.8 Employee rejection

Even if all other parties are supportive of partnership and make deals to this end, it cannot be guaranteed that employees will be persuaded. From an employee's standpoint, it might look like:

- their representatives are selling out to management
- they are too obsessed with the business agenda and insufficiently interested in protecting their needs
- they do not bargain sufficiently hard. They too easily accept management's point of view.

Derek Warren (senior AEEU shop steward at Blue Circle) describes how in the early stages of developing their partnership arrangement, 'there was a lot of talk about the potential for management abuse — people said the unions would be taken to the cleaners. The stewards on the Company Wide Action Teams were accused of agreeing to the end of trade unionism; back at the works they were ostracised'. (Industrial Relations Services, 1997)

What this suggests is that employees neither trust the management nor those elected to represent them. This may be because of previous bad experiences at the hands of management (*eg* renegeing upon what they saw as promises); what they regard as bad deals (*eg* job reductions, pay freeze, new working practices, *etc.*); or simply traditional attitudes to employee

relations – trade unions are there to oppose a management intent on doing them down. These sort of employees may not want to be involved in the organisation. They may be quite happy ‘to leave their brains at the gate’. A command and control management style might suit them; engagement might be frightening.

Such attitudes reveal themselves when employees reject deals supported by their representatives. This may be a pay offer or a change programme. They may engage in sabotaging agreements, such as on multi-skilling or task flexibility. They may engage in guerrilla warfare against management or take more obvious industrial action.

Staff in one organisation rejected the pay deal against the recognition of their trade union. They did not like to see any strings attached to the money on offer. They wanted a straight pay deal.

Any of these reactions would put partnership under pressure. Trade unions are democratic organisations. They have to take note of their members’ views and act upon them. They can try to persuade the workforce to change its opinions, but in the end they have to back the workers. This is despite their relationship with management, and any opinion they have of the strength of their case. Unions will support deals that have been agreed, that they believe the workforce is bound by its terms to comply.

In 1999, to save the Longbridge plant, the workforce accepted work arrangements that were more flexible. However, when it came to implement the deal at the Land Rover plant at Solihull, some workers objected to the introduction of a Friday night shift because it ate into their weekends. Sporadic industrial action followed. The union leadership backed the management. Tony Woodley, national official of the TGWU, said that management was entirely within its rights as this was part of the agreement that had been made.

In the process of negotiating a deal, trade unions may have to balance their short-term representational responsibility with their perspective of what is in the longer-term interests of their members. And that might be seeing the logic of the management’s position and ensuring that employees get the best outcome they can.

You might well ask why this is any different from the past. Even antagonistic trade unions cut deals with management in the end. But there are two key differences. When trade unions were engaged in conflictual employee relations, their members were much less likely to believe that they would sell out (and even then some more militant people would oppose a settlement). Under partnership, there is a different model. Unions seek influence, demand information. This limits their ability to oppose unless they believe that management is pursuing an anti-employee agenda. Since partnership works both ways, the employer is expected to take into account the employee interests. So in a true partnership arrangement, both sides recognise the good intentions of the other party. Thus a trade union may see the logic of the business case, and if it has negative consequences for the workforce seek to mitigate those effects. The particular problem is that the representatives may not be able to share their full understanding of the business case because it may be largely confidential.

In the end one is back to trust. If the trade unions trust management to give them an honest appraisal of their business situation and if management trusts the trade unions to use the information they have been given with discretion, then the process will work. That is so long as employees at least trust their representatives to look after their best interests. Without trust the process breaks down.

### **3.4 Substantive issues**

We have looked at how structural change has put pressure on partnership. We have emphasised the importance of people and the risks to partnership if relationships break down or are terminated. Partnership, though, can be endangered by run of the mill problems. These arise in the normal hustle and bustle of everyday life. You might think that a robust employee relations approach, such as partnership ought to be, should be able to take such difficulties in its stride. But it should be remembered that arguments concerning pay and conditions, working arrangements and the like, are the source of strife in many conflictual employee relations settings. As the senior shop steward of one partnership firm put it: 'I used to seize any opportunity to attack management and get my lads out of the door'. Such behaviour is perhaps more reminiscent of the 1970s

than the 21st century. Yet, many employees were willing accomplices to such action, and not all of them were militant. Management decisions that seem very sensible and rational in the boardroom may be regarded rather differently on the shop floor. Issues that seem trivial to managers may have a much greater significance to the workforce. Two examples from the drinks industry illustrate the point. One company was finding it hard to reach a settlement over the closure of the plant until it offered redundant employees the traditional drink allowance post redundancy! Another found that the principal stumbling block to the acceptance of a change programme was management's insistence on switching from weekly to monthly pay. Decisions that management believes to be straightforward may not be seen to be as uncontentious by the workforce.

What we must remember is that employees' main experience of employee relations is in its direct experience of work. This includes what they are paid, how they are treated, in what conditions they operate and the tasks they perform. As we saw in the last section, the style of management and its approach to people is a critical element in the success of partnership. Getting the hygiene factors right is also vital. If they are not satisfactorily dealt with, employees will either put pressure on partnership themselves or through their representatives.

Friction over day to day issues can spill over into friction on the 'big ticket' items. Sophisticated players may be able to compartmentalise, but most people find that disagreement has an effect on all dealings. Partnership is particularly vulnerable in this respect. As trust in a relationship is the lifeblood of partnership, then arguments that are not quickly settled pose real problems for the operation of the partnership approach.

The converse problem is that to avoid disagreement, because you view partnership as a non-conflictual model, difficult issues are avoided. This might keep relationships sweet for a time, but there is the obvious risk that potential pressure points are not dealt with and therefore are in danger of exploding with greater force at a later date.

So what are the issues with which the parties to a partnership deal ought to concern themselves? It could be anything in the employment relationship. In our research, pay, working

conditions, resourcing and work task policies posed the biggest threat to partnership. We will look at these in turn.

### 3.4.1 Pay

Successful partnership arrangements have frequently found a way of dealing with this most contentious issue. This might be through having pay linked to an external market index, concluding long-term deals, creating a formula for calculating the rise or simply by approaching the negotiation in a much more honest and realistic way. Problems come if the business situation changes that make management propose unwelcome revisions to the arrangement, *eg* to devolve pay decisions to line managers or to decentralise bargaining.

The management of a company with a successful partnership agreement wanted to revise its pay structure. It felt that it offered insufficient incentives. Some managers also wanted a greater ability to respond to their local labour market conditions. This would mean an end to national pay rates. The trade union side was happy to talk about a new bonus system but not to decentralise pay decisions over which they would have little control.

It might be because of a management desire to introduce a greater element of performance based pay, as at Unisys. Performance related pay is something that American firms 'do naturally' said Mick McTiernan an official of Unifi, but it was not something the ex Co-operative Bank staff transferred to Unisys under TUPE were interested in. 'My members don't want to touch it with a barge pole', added McTiernan (IPA, May 2000).

Other difficulties arise where the negotiating parties do not feel in control over the process: the big decisions are taken elsewhere. This might be in a corporate head office in another country, or, in the public sector, at the Treasury. There may be constraints over the cash available for settlements or the imposition of specific reward policies: *eg* the government's requirement to introduce performance related pay or team based pay. These restrictions or impositions may cause significant irritation to one or both of the parties to the negotiation. Whilst it may occasionally be convenient to local management to be able to hide behind decisions made elsewhere, it reduces their capacity to take charge of their own destiny. For the trade unions, they may feel that they do not negotiate with the real decision makers. It is

harder to develop and retain good relations when it is so difficult to resolve disputes on their own terms. Disempowerment is not a good basis upon which to forge lasting relationships. The tempting option is to join forces against 'the common enemy', be they at the US head office or in the Treasury.

Trade unions representatives themselves can be constrained. Some local negotiators may not be able to settle on an agreement because it does not correspond with the national view. This may be in terms of the value of the award, or it might be due to the proposed structure. Criticism may come from colleagues within the union or from other unions. One full-time official found himself vilified for exchanging what he regarded as the ritual of collective bargaining for involvement in the management change programme.

### **3.4.2 Working conditions**

There is nothing more likely to drive employees mad than a poor working environment. This may be because they believe it to be unsafe. More usually, it is because conditions are too cramped in an office, too odorous in a factory, or the wrong temperature in any work setting. One partnership organisation we met was suffering from air conditioning problems in a newly, but badly, built office.

These sort of difficulties can be hard to sort out because they either involve a lot of money (*eg* to put in a fresh air conditioning unit) or because they are inherent in the process (the smells or temperature). Nevertheless, the failure to deal with them can be a running sore that limits progress in other areas.

### **3.4.3 Resourcing issues**

This might not at first sight be a particularly contentious issue. In fact, the use of contractors, temporary staff and agency staff can cause much irritation. Trade unions do not like such 'contingent' workers because they are hard to organise and have low membership levels. They have traditionally been poorly paid and treated, though recent legislation has sought to ensure they get a better deal. Whilst the impermanent workforce can act as a useful buffer in protecting core workers – and the trade union may recognise it as much as management – the principle of



having a peripheral workforce is one that unions object to in principle.

'Regular' employees also may not be happy with the use of temporary staff and contractors. Highly skilled professionals may get the most interesting work, leaving the 'permanent' employees with the mundane. In other jobs, regular staff may get irritated with continually training temporary staff who keep moving on to other jobs. They may also find that temporary staff cannot do the whole job – they not have the knowledge or skills.

In one case study company, these issues boiled up into a major argument. The company wished to expand its workforce, using temporary staff to do it. The trade unions thought this to be a bad move. They were worried about the uncertainty it created and feared wider casualisation of the workforce. Management for its part was not sure of to what extent and how quickly orders would grow. It therefore wanted to take on temporary staff as a hedge against this uncertainty.

### **3.4.4 Work tasks and time**

Another potential area of conflict concerns working hours and tasks. If the argument on resourcing concerned numerical flexibility (the ability of the organisation to vary workforce numbers to meet changing demand), these disputes were around temporal flexibility (variation around working hours to meet service or production requirements) and functional flexibility (the ability to do work across traditional functional boundaries). For example, Scottish Power had difficulties introducing annualised hours and this put pressure on their partnership arrangement (IPA, 2001). Another company found it could not make progress on annual hours because the national union feared it would lead to casualisation.

As the example of agency workers showed, management's desire to flex its workforce in terms of numbers, skills and hours of work is a cause of employee relations friction. This is partly because people do not like change. They like their working hours. They know their job, and they believe they have the skills to perform it. Altering working hours may be very disruptive to domestic life – *eg* to child or elder care arrangements. Asking employees to take on new tasks may be extremely threatening. There is the fear of failure – not being able to do the work –

and fear of work intensification. Trade unions can themselves be particularly antagonistic to functional flexibility where it is a multiple union site and the unions are skill or trade based. They may wish to protect demarcations for reasons of membership and exclusivity.

Management, for its part, may believe these forms of flexibility to be essential to meet today's competitive pressures. Keeping costs down and output up means getting the most effective use of the workforce in numbers, activities or hours. Meeting customer preferences may mean the ability to supply services at times when it is convenient to the client, not the producer.

This is a classic clash of interests. Business needs dictate one thing; employee interests point in another direction.

One public sector organisation wished to offer longer opening hours in line with the government policy for wider access. The employees, backed by their unions, wanted to preserve their traditional working hours. The organisation faced an impasse.

The arguments that stem from disputes over working hours and job roles may particularly imperil the trust between employees and management. The trade unions may see the logic and necessity for change; the employees only see and experience the practical downside. The trade unions may on occasion fight functional or temporal flexibility as a matter of principle. This is less likely to happen in a partnership context because either the unions have accepted the need for flexibility, for example in a flexibility for job security deal, or their awareness of the business context weakens their challenge. Less informed employees and more affected employees may object to these changes.

### **3.5 External pressure on partnership**

There are various external threats to partnership. For those running commercial businesses, there is always the risk that the economic environment turns sour. This may happen in a number of different ways that impact companies differentially. So, for example, the technology sector is suffering at present due to the saturation of markets and over-priced share values. Manufacturing companies have been labouring under a high exchange rate. Transport firms complain about high fuel prices,

and specifically high fuel duties. There is an ever-present threat that the bottom will drop out of the market or that for a retailer consumer sentiment turns against them. There is the potential for the City to judge that the company no longer commands its confidence, that its management has lost favour or that its business strategy is deemed to be insufficiently robust.

These sort of changes to the business environment can put a partnership approach to the test. Radical cuts in operating costs may be necessary. Downsizing or plant/office closure may result. The top people in the organisation may be replaced. These impact partnership in the way that was described earlier in the chapter. Subtler pressure, but perhaps more damaging, comes if the employee relations strategy is challenged in a management review. What if the board starts to doubt that partnership is effective or suitable any more? It could argue that decisions are not made fast enough or are too compromised by the employee input. Instead, it may assert that its managers must get on and manage, take the drastic steps necessary to turn the business round.

This sort of thinking imperils the partnership project. It is more likely to succeed if there are two other changes in the external environment. The more important of the two is a slackening of the labour market. This may affect the specific sector or it may be a general change. In a weak labour market it is easier for management to deal with business problems in a 'macho' style. Over the last five years we have heard much less about macho management and much more about family friendly employment policies. This has been because organisations have had to emphasise attraction and retention policies in order to recruit and keep staff. Having a positive employment relationship with trade unions and employees is one aspect of this.

The other factor that could contribute to changing the employment context is a different approach to labour relations by the government. As we said in Chapter 2, the present government has encouraged partnership directly with initiatives like the partnership fund. It has incorporated EU directives with varying degrees of enthusiasm. But, perhaps more important still, it has made it much easier for trade unions to be recognised. A macho management style is going to be much more difficult to adopt when managers are much more hedged in by regulation. It

would be much more difficult to minimise trade unions now than in the 1980s. However, a change in government or a change in government philosophy would alter the employee relations landscape. A de-regulating government, more distant from the EU and dubious about the partnership concept, would make it easier for employers to change tack. This is less likely to happen if management and ownership structures remain unaltered, but an acquirer or new management team might be able to rewrite the rules.

A different government approach would also impact directly where it is the employer. Management and trade unions working together may be valued at present, but may not always be. The formal CCSU and Cabinet Office partnership agreement might be discarded, formally or in practice. These signals will be picked up at department level and will bear upon how the parties conduct themselves. Whilst partnership would probably not be actively discouraged, the lack of ministerial support might affect decisions taken or, at the very least, the process of decision making.

Naturally, many of these changes in external context are theoretical as far as this study is concerned. The Labour government was returned; the labour market has generally remained tight, with unemployment at low levels. But for specific organisations there has been a continuing pressure to cut costs, to demonstrate to the City that the business is in sound hands, and that the reconfiguration of companies through buying, selling, being bought, outsourcing and the like continues. At the time this report is being written, the possibility of a recession, large or small, looms larger than before. All this instability puts pressure on relationships and partnership processes.

## 4. The Consequences of Pressure on Partnership

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So what are the consequences of the sort of pressure we described in the previous chapter?

If partnership starts to go wrong the organisation is likely to see its effects on business performance. You might expect:

- productivity rates to fall
- quality standards to drop
- absenteeism to rise
- resignation rates to grow.

These are both direct challenges to business performance, if output or service levels deteriorate in volume or standards, and indirect, if resourcing costs rise through recruitment to cover gaps in the organisation. Other indirect effects might be seen in the response to employee attitude surveys: employee morale and commitment may suffer, leading to the effects noted above. Consequences may also manifest themselves in industrial relations problems. At worst there may be strikes, working to rule, low level disharmony, increasing grievance or employee tribunal cases. There may be an employee rejection of a pay deal, especially if non-cash strings are attached. Negotiations may become protracted and conducted in a poor atmosphere.

Any form of deterioration in employee relations risks these sorts of problem. Would they be worse in a partnership setting? If employees have certain expectations of relationships at work, then if these expectations are not met, there will be some kind of backlash. This might be at the individual level – ‘it’s not worth

getting out of bed for this company when not feeling a hundred per cent well', or 'I might as well look around and see if there is a better organisation to work for'. Or it may be that the reaction is a collective one, seen in industrial action.

The employee backlash may be greater in partnership organisations precisely because expectations may be higher. They may have been a breakdown in trust. This may be caused by:

- management renegeing on a deal
- managers' fine words are not borne out by their behaviour
- espoused values and formal policies do not translate into how people are actually treated
- managers either do not want to understand employee needs or they are incapable of so doing
- what managers are currently offering in the employment relationship is seen as wholly one-sided
- the rewards for success go disproportionately to the top people; not much trickles down through the organisation.

Some of these are slow-burning issues. There is a gradual realisation that mutuality does not exist: management is getting its own way far too often. They may be contributory factors in the way the spoils are shared. What will have a more immediate impact is if a deal is renegeed upon in the eyes of the workforce. This might be a high level agreement on, say, flexibility in exchange for security. If employees believe they have given their all in terms of adjusting hours, accepting temporary staff, learning new skills, *etc.* and the management then imposes enforced redundancy, the deal will have been violated.

Management might well point to the type of change of business circumstances that we described in the previous chapter. However, the key point in a partnership arrangement is the sharing of information. If employees and their representatives have been kept in the dark about management thinking, then business changes will come as a bolt from the blue. The sort of reaction will be as seen in the Vauxhall's closure of the car assembly plant at Luton. Adding to the devastation of job loss, was the unexpected nature of the decision and the way it was communicated.

As trust begins to go, employees and their representatives may lose faith in the process of partnership. Trade unions may withhold information from management. They may stop taking risks in tipping management off about employee feelings. There may be a return to posturing and dancing the 'pavane' (Jacks, *et al.*, 2000). Fewer issues may be dealt with informally, more goes through procedure. They may even boycott meetings, judging them to be a waste of time.

Whilst it is perhaps more common for employees to decide that partnership does not work and for the organisation to suffer the consequences, it is equally possible for the employer to conclude that partnership is a dead end alley. Management, similarly, may become more reluctant to give trade unions confidential information, perhaps because of earlier leaks. They, also, may become risk averse in their employee relations dealings. This may be at senior management level where the partnership project may be challenged, or at operational level in the way line managers handle employment issues. Managers assert their right to manage. Consultation is less frequent, less detailed and much later in the decision making process. The employee view counts for less.

In other words, the whole partnership edifice begins to crumble. The bricks, made up as they are of personal relationships and supported by intangible trust and understanding, begin to fall. Processes are neglected, old style behaviours return. This then leads to a deteriorating employee relations climate, poor organisational health and the practical manifestations of having a disenchanting workforce.

In the organisations we looked at, some of the above problems were evident. As partnership was put under pressure, relationships between the management and trade union parties began to suffer. Where personal relations were not that robust to begin with, they were challenged still further. Negotiation became more heated, disagreement became more frequent. Employees, especially those not convinced of the merits of partnership in the first place, demonstrated their objections by rejecting even jointly proposed pay deals. One organisation saw its employee relations climate suffer through a spate of employment tribunal cases. It was harder in others to see evidence of higher absenteeism (unless it was a 'duvet day')

strike) or resignation, lower productivity or worse quality levels. Sporadic, low level, industrial action was evident.

The pressure on partnership did challenge management to think through its views on how to conduct employee relations.

In one organisation, senior management did not hold a common view of the purposes of partnership. This became most evident when problems arose. Whilst some directors were convinced of the merits of partnership as a matter of principle, others were much more pragmatic — partnership was of value if, and only if, it delivered business benefits. When things were going well, these differences did not matter; indeed, they did not surface. When business conditions deteriorated, the managers were divided in their approach. Some still wanted to consult and involve employees. Others simply wanted to drive through change.



# 5. Responses to Pressure

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So how do organisations respond to these pressures and problems? How do they deal with changes of key personnel or structural reconfiguration, of downsizing and re-engineering? Probably the simple answer is that they muddle through, adjusting as they can to new circumstances. Much of organisational life is like that. However, the more committed partnership organisations and those that are more forward looking, have considered ways to keep partnership going through thick and thin. And there are the companies that have faced mergers or acquisitions and have retained their employee relations approach. The more reflective of them have put in place measures to sustain their partnership arrangements.

The discussion below draws on these experiences and on the views of partnership supporters as to how partnership can be fostered.

## 5.1 Institutionalising partnership

Institutionalising partnership arrangements seems to be the key method of developing a robust employee relations strategy that will survive the turbulence of organisational life. In particular, it is the method by which you can ride out changes to the principal players and preserve your approach through changes of ownership.

Institutionalising the distinctive nature of your employee relations philosophy is about embedding it in the culture of the organisation, in its structures, systems and processes. What in practical terms does this mean?

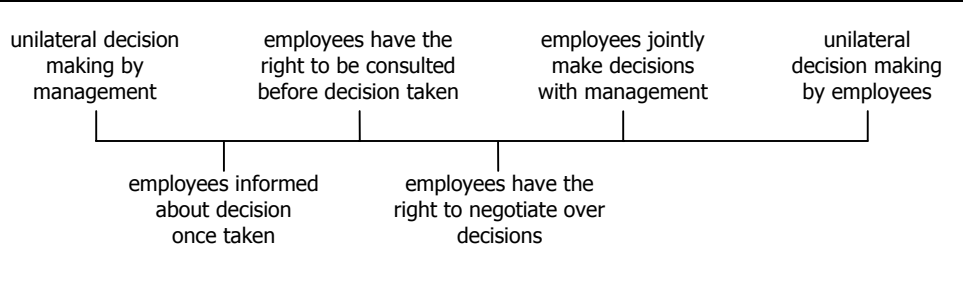
### 5.1.1 Structures

Some argue that partnership is more a state of mind based upon trust in relationships. This may well be true, but it makes your approach very vulnerable to changes in personnel. Embedding partnership in decision making structures is about ensuring that dialogue has a chance of continuing whoever is in post. As we will see, getting partnership into the culture of the organisation is a prerequisite for success, but having the ways and means of engagement helps. When talking about structures, we mean:

- specific partnership councils
- works councils across the organisation
- joint decision making bodies
- joint consultative committees at company or site level
- plant or office based consultative committees
- joint task groups or project teams
- team discussion or briefing groups.

The names may vary from organisation to organisation and what is discussed may vary too. There may be a hierarchy of consultation mechanisms from shop floor through site to transnational councils. Other organisations may miss out some of these stages. There may be distinctive levels of debate from the strategic to the domestic. Some may have more emphasis on information provision, others may offer genuine pre-decision consultation and a few may give employee representatives co-determination rights on some subjects. The sort of range of choice is illustrated in Figure 2.

**Figure 2: Types of employee involvement based on the balance of power between management and employees**



Source: Reilly, 1979

Some organisations have created joint bodies to oversee partnership arrangements and tackle the thorny issues. Allied Distillers used a Steering Committee in this way, interestingly with a built-in trade union majority (three full-time officials, three convenors and three directors). The symbolism of the fact that this body would act as final arbiter in the event of disputes arising out of the change programme was not lost on the unions. The GMB convenor said: 'it was quite a chance for the company to take but it showed the amount of trust they were prepared to put in the trade unions' (IPA, April 2001).

Barclays also created a Partnership Steering Group with both line and HR managers, Full-Time and lay officials. This means that both the local and national trade union perspectives are brought to bear, and, on the management side, both operational and personnel support are involved.

Questions that may need to be addressed, that we highlighted earlier, are handling multi-union participation and dealing with non-union groups. Successful partnership arrangements seem to have been able to deal with the first problem through having a single body to interact with, except perhaps with respect to changing terms and conditions. This is likely to be a management goal since rationalising employee relations is one reason why partnership is attractive to management. As to non-unionists, organisations have either developed parallel structures (like Eurotunnel) or succeeded in having common consultation mechanisms. There is also the option of the hybrid model illustrated by the NHS trust below.

Eurotunnel has two legs to its approach to employee involvement. One leg allows non-union representation in a company council that meets bi-monthly. There are eight representatives and the CEO involved. Trade union representation is through the T&GWU. It meets the company via a joint forum. Full-time officials, senior company representatives and the HR director meet together.

Basildon and Thurrock General Hospitals NHS Trust has a staff council covering all groups with union and non-union representatives, together with a separate trade union negotiating committee. Representatives from both structures review HR policy. (IPA, 2001)

Trade unions have also had in some cases to alter their own organisational structures to facilitate communication and consultation. USDAW responded to the challenge that its

democratic processes held up decision making in Tesco by trying to ensure that it gave the company swifter answers to any proposals it put forward whilst making sure its own membership was properly consulted (Allen, 1998).

As a recent IPA report (2001) spelt out, there are a myriad of different types of structure, but all aiming to give employees a voice, a chance to keep informed or to influence business decisions. All of these are aspects of a partnership approach. Moreover, continual engagement between managers and representatives at all levels should reinforce good personal relationships.

In these circumstances, a new MD, HR director, full-time official or convenor will be forced to engage with their opposite number in a predetermined setting. Of course, the manager could propose the termination of these arrangements. The full-time official could boycott the meeting. But this will be hard to do if they are already established and successful. This will be the message their colleagues will be giving them. It takes a very self confident and self certain person to discard all this.

In a utility company, a new manager arrived to run a significant segment of the business. He announced that he had no time for the trade unions and would seek to marginalise them. However, over the following year he came to accept the partnership arrangement. He found his management team supportive of this approach. The trade union deployed arguments that demonstrated the business case for partnership.

Similarly, if a company with a partnership track record is taken over by another organisation, the same points will apply. The new owners will think twice about ditching successful employee relations arrangements, unless they believe they have a better model. And what would this be? A model of antagonistic relationships is unlikely to be thought to be better. A non-unionised model can no longer realistically be imposed with the Employment Relations Act in place. Naturally, these decisions by the acquiring company are easier to make if the acquisition is to be a stand alone organisation. If integration is required, these decisions are trickier. There is the example below where the acquired company maintained its partnership approach, and there is a similar case quoted by the IPA (February 2000) where

ICI took over a firm called Quest and kept its strong tradition of communication and consultation.

When a UK partnership company was taken over by a foreign owned company, there was a fear that the employee relations system would either be changed or allowed to wither away. The trade unions and management did not allow this to happen. They campaigned for partnership, pointing to its track record in terms of industrial relations harmony and beneficial business results. The new owners conceded that this was preferable to the conflictual relationships they enjoyed elsewhere and wholeheartedly endorsed the partnership approach.

### 5.1.2 Processes

The distinction between structures and processes might appear to be a fine one, but the importance of getting processes right is twofold. Having the right sort of structures is important, but for them to be used properly there need to be supporting processes. Furthermore, besides the formal means to engage staff, there are informal mechanisms. So getting effective processes is like getting the correct lubricating oil for an engine.

In partnership, good processes are critical, problems are faced up to. It means that management informs employee representatives at an early stage about potential business decisions, formally or informally. Similarly, it is about management giving representatives the chance to influence decisions before they are set in stone. For their part, the representatives have a responsibility for engaging in the debate about dealing with business difficulties. At shop floor level, it is a case of supervision talking to employees about new ideas on working layout, distribution of tasks, or on call rotas. From the trade union side, it means that the convenor tips off the HR manager about a brewing dispute before it has got out of hand. Or it might be a full-time official warning management about a union campaign on, for example, equal pay.

One full-time official explained that partnership offered the chance to have early confidential information and a chance to influence the decision, to challenge the premises upon which it is made. He cited the example of an office closure. He said employees were unhappy with it but at least the unions could say that they had looked at the business economics and it was the right decision. To do otherwise risked the profitability of the company, and ultimately even more jobs. Merely opposing the closure did no one any good.

Good processes describe situations where the parties involved know how to use the formal structures effectively and have a disposition to do so. In addition, they are aware of the importance of informal ways of communicating. The parties are also aware of the need to help their colleagues 'on the other side of the table' through difficult times. A sensitive management might eschew making statements that make it harder for the trade unions to convince members of the merits of a proposed deal. Indeed, the management might have constructed the deal in the first place to ease employee acceptance. Similarly, trade unions can help win management round to a particular position by words and deeds.

There is also a partnership way of dealing with differences of opinion. Having an informal discussion allows the parties to make clear their ambitions and their bottom line. In one partnership organisation faced with a pay dispute, the personnel director had a private discussion with the trade union FTO and explained how management wanted to handle the problem. The representative explained how for his part the process could not be rushed or curtailed because it was a democratic organisation and everyone must have their say. Despite angry words that might be heard in public, they both agreed what their common end point would be: it was just a case of finding out how to get there. They were more honest about their real difficulties and much clearer about what the other party wanted. They sought a workable solution, one that would last. Often the problem is not a lack of common aims, but the two sides having different tactics, and an inability to communicate to their respective audiences what is going on. It may be that on the trade union side, activists expect to see more of an obvious struggle before a deal is clinched. On the management side, some managers may be uncomfortable if they see their negotiators getting too close.

Through these means, trust is established between the parties, and there is respect for and understanding of the positions that they adopt. Of course, these processes work through people and are vulnerable to change. However, the trick is to involve as many people as is possible at all levels so as to deepen the commitment to the partnership cause.

In one company, the employee representatives responded to what they perceived to be poor communication and involvement in an outsourcing decision, by proposing that in any employee briefing:

- there should be full details given

- it should be face to face
- it should involve the decision makers (or adequately informed substitutes) and employee representatives
- there should be sufficient notice to ensure a good attendance.

A half-way house in terms of formality is to use temporary project teams or working parties to tackle difficult issues. These groups are often overseen by the steering groups referred to earlier. Barclays used this idea with topics such as discipline and grievance procedures, flexible working, union facilities, *etc.* Bulmers looked at shift pay, sick pay, and harmonisation of terms and conditions through their joint working party on employee relations (IPA, Case Study no. 2, 1999). Northern Ireland Electricity went further. It set up five problem solving working groups with equal trade union representation to look at radically changing service delivery. These groups generally worked well and came up with challenging solutions from the employee perspective, including outsourcing various activities. As Margaret Gregg from the GMB realised: 'Having that kind of input was very important, particularly where it involved people moving location' (IPA, February 1998).

In other circumstances, partnership leaders have felt the need to extend the involvement beyond these key individuals. At Allied Distillers, all 40 shop stewards were invited to negotiation meetings (IPA, April 2001). The normal management position would be to limit numbers, to avoid a 'jamboree'. Here the decision was taken to be inclusive, no doubt to bind one and all to the outcome, but also to allow the stewards to get their point across directly. The theory was that it was better to have them inside than outside the proverbial tent.

One public sector organisation proposed using joint surgeries where trade unions and management could sit together to deal with issues brought to them. This has the benefit of management and unions sharing the same platform, but also of drawing employees into the picture.

Trickier, as we have seen, has been the participation of non-union staff in partnership or consultative structures. Trade unions resent 'free riders' – those that get the benefit from a trade union presence but without paying a membership fee. This is not just a matter of the potential loss of income, but also a

threat to their legitimacy. There may not at the moment be the threat of de-recognition, but a trade union with low membership levels is less able effectively to argue its case. Partnership can make people too 'comfortable', without the conflict that might sustain membership. If management facilitates membership campaigns this may ease the union complaint. In effect this is what happened at Tesco. As John Hannett, Deputy General Secretary of USDAW put it: 'We did have reservations about non-members involvement in the (consultation) forums but recognised that, in a collective purpose, we can't cherry pick. We had to trade away to guarantee the bigger picture, a greater say in the future of the company.' However, USDAW, with some help from management, was able to add 2,500 members following the signing of its partnership agreement (Allen, 1998).

There is also the problem of inter-union rivalry or antagonism to be faced. Some organisations find this too difficult and work round it. Others tend to favour either the strongest union or the most co-operative. Then there are those organisations that confront the issue as the example in the box shows.

One organisation developed a Memorandum of Understanding to deal with inter-union issues. This agreement effectively means that the four trade unions have entered into a partnership arrangement between themselves. This formalises what may happen in practice, but the document ensures that there is a structure that is independent of personalities. It covers communications, recruitment, poaching and dispute resolution.

### **5.1.3 Culture**

Embedding a distinctive philosophy in the culture of the organisation is a complex issue. Understanding how the existing culture developed may be unclear, so determining how to shape it for the future may seem a daunting task. Especially difficult is that, though we use mechanical terms (*eg pulling levers, etc.*) to describe how to effect cultural change, it is not a machine, it is more like an organism. Nevertheless, there are things that can be done to influence the culture.

Firstly, there is the establishment of structures of consultation and involvement that demonstrate the organisation's commitment to engaging with employees.



Secondly, having information and decision making processes that allow the employee voice to be heard in practice is clearly critical.

This links to the third point. Organisational culture can be affected by the behaviour of key opinion formers. One way of expressing this is to talk about management style. If managers are wedded to command and control, and are autocratic in their behaviour, no matter how good the formal structures are, employees will feel excluded. This emphasises the need to get middle and junior managers/supervisors on board with the partnership concept. Senior managers may seek to involve employee representatives in business decisions, but that will count for little in the office or factory if the style of management is inappropriate. Conversely, empowering managers will support and encourage employee involvement that will put pressure up the line to make sure employee views are known.

And this point applies equally to employee representatives. If, on the one hand, they engage with management, hold confidential information securely, make constructive inputs but defend rigorously the real interests of the workforce, then a climate of participation will develop. As the TUC has put it: 'simply saying 'no' cannot be the first response to employer proposals to change [from trade unions]. It requires a recognition that change is inevitable, that change is not necessarily a threat, and that properly managed change can improve the quality of union members' working lives.' (TUC 1999). If, on the other hand, the representatives are obstructive and antagonistic, then management will disengage. As they say, 'it takes two to tango'.

Andrew Coker of Tesco captured this cultural change when said: 'Our partnership arrangement should make 'high-testosterone' negotiations a thing of the past. Why have confrontation when you can have consultation? The forums are there to canvass views, since no-one has a monopoly of good ideas.' (IPA, July 1998)

## 5.2 Practical steps

In practical terms, what does this mean management and trade unions can do to further partnership or defend it from attack? We will look at some approaches used by case study and other organisations.

## 5.2.1 Training

All the exemplars of partnership working invest considerably in training. There are a number of distinctive features to the training that is offered and it can have a number of different purposes. It can be aimed at improving:

- employee representatives' knowledge of business affairs and skills in analysing business information. This might include the ability to read a balance sheet or an understanding of the issues in the company's particular market.
- negotiation and influencing skills for those engaged in joint meetings. This is not to encourage adversarial behaviour, but to increase awareness of the interaction that takes place in decision making fora.
- working relationships between managers and representatives where they come into close contact. So that might mean training in small groups or even as a pair of manager and representative.
- understanding of and commitment to the principles of partnership. This might be for managers, representatives or employees generally.

So training can cover knowledge, skills and behaviour. It can be clearly instrumental in making processes more effective, but it also be wittingly or unwittingly a means to embed the partnership concept.

These training streams may be distinct or melded together. Often, and by preference, the training is done on a joint basis so that managers and employees hear the same story together. Sometimes this training is externally facilitated to get some outside, objective input and sometimes on company or trade union premises.

The boxed examples give an idea of the range of training that is undertaken.

Birds Eye has used a joint management and union steering group to develop a 'Leaders in Partnership' programme. By the end of 2001, 240 people will have attended. This includes senior trade union representatives and first line managers. The programme covers:

- understanding the business
- leadership

- team performance and performance management
- problem solving and conflict resolution.

The aim is allow the 'cross fertilisation of ideas, views and values' of 'change agents' who will develop their team working and problem solving skills. The end benefit for the company will be in terms of improved productivity, competitiveness and customer satisfaction that will itself lead to 'enhanced job security and prospects.'

AWG offered a multi-stage partnership training programme for managers and representatives. One workshop discussed partnership in general and specifically within the company. It looked at business issues and partnership. There was also some training in listening and communication. Another workshop looked at relevant aspects of employment law. External speakers participated to share their experiences and the MD also gave a talk about employee relations and partnership.

Allied Distillers ran a partnership-focused employee relations course together with their local college, that was open to all employees (IPA, April 2001).

Northern Foods train members of operating company forums in commercial, financial and strategic issues. The members are also given support to be effective team players in forum meetings. (IPA, 2001)

The training above relates to a continuing programme of investment in skills and knowledge. Training though has been used as a response to a crisis. Scottish power used a five day training event to bridge the 'trust gap' between management and trade unions after the disagreements over annualised hours, referred to earlier. This involved joint problem solving and inter-union co-operation (IPA, 2001).

### **5.2.2 Promotion and communication**

In parallel with training, organisations often wish to promote partnership working. Again there are various mechanisms used:

- communication of the outcome of meetings
- induction of new starters to include reference to partnership
- magazines, newsletters and/or videos describing partnership successes
- using roadshows to sell deals or explain partnership

- space on the organisational intranet for partnership and to encourage participation, which may include electronic question and answer facilities
- role reversal: management members speaking to trade union conferences, and representatives addressing management meetings.

Again, these methods may be undertaken jointly or separately. Some organisations, as a matter of principle, issue joint minutes or communiqués after their consultation meetings. Trade union representatives may participate in induction processes so that new starters hear about the organisation, its employee relations approach and the importance of union membership. A few organisations have a distinct partnership newsletter, jointly run. More often, employee relations news features in a standard organisational or union publication, but the text might be jointly agreed. At particular key points, a roadshow is often used to explain change, the outcome of negotiations, or simply what a partnership approach means. Managers at Northern Ireland Electricity explained to staff the business context of their Customer 2000 review. As Colin Fallon, MD Customer Services realised: 'This all developed an appreciation among employees and trade unions that pursuing this strategy could promote growth for the company and create more jobs for Northern Ireland' (IPA, February 1999). This supported a series of joint working groups that we looked at earlier.

At Wolverhampton NHS Trust there was a concerted effort to communicate the benefits of their employee involvement. They put articles in the Trust magazine, jointly signed by management and trade unions. They designed an 'involving staff' logo to badge all communication materials. Management and trade union representatives took their project on a roadshow to different sites and to departmental meetings. (TUC, 2001)

Marketing the benefits of partnership is another vital way of getting people to understand the concept and to believe in its utility. Communicating the benefits may be upward to the board and/or downward to the shop floor. This was done at Blue Circle by management speaking to a union delegate conference, and by senior stewards giving the board the presentation of results from their Company Wide Action Team (Industrial Relations Services, August 1997).

Another form of promotion of partnership is for the two parties to join in promoting the business products. For example, Legal and General could see the value in both Management and MSF selling the stakeholder pension together (Jacks *et al.*, 2000). It showed employee commitment to the business and it helped the company position the product as one that enjoyed their own employees' support. It was a product that both parties felt comfortable with. Similarly, trade unions and management at Airbus UK have lobbied together and separately to win orders. At Northern Ireland Electricity, trade unions joined with management to appeal against the outcome of their regulatory review.

### **5.2.3 Recruitment and selection**

A much more controversial way of supporting partnership is to select people on the basis of the actual or likely commitment. This may involve:

- selecting new recruits who demonstrate appropriate behaviours (teamworking, communication, *etc.*) or skills
- promoting staff to management positions who have the correct style and who are supporters of the partnership approach (*ie* they want to involve, consult, listen to employees)
- appraising managers and, more controversially still, representatives on their contribution to employee involvement
- deselecting managers because their management style prevents employee engagement
- dealing with employees whose attitudes and behaviours are disruptive and threatening to a partnership way of working.

There are probably very few organisations that do all of these things. It is more common to self-consciously select staff because they will fit a participative culture than deal with those who are not supportive. It is easier for organisations to handle managers whose style is inappropriate than to tackle resistance on the shop floor. Performance management can be used to highlight deficiencies. For example, Asda's managers are evaluated in part on the extent to which they promote and sustain staff councils. Legal and General emphasise the importance of upward and downward communication in their performance assessment (IPA, 2001). Managers can be retrained. They can have coaching

or mentoring. The importance of people skills is increasingly being recognised, and commitment to employee involvement is but one part of this.

There are some organisations (eg Lever Fabergé) that say that they will not tolerate anti-partnership behaviour, whether this is through social exclusion or even dismissal is not always clear. Dissent is challenged early, for example, at Emhart Fastening Teknologies, so that it does not develop to be more than 'whinging' (IPA, Case Study no. 1, 1999). Bulmers believe that their education and training programmes, together with the effectiveness of their partnership structures and the positive culture of partnership, all combine to minimise the possibility of dissent (IPA, Case Study no. 2, 1999). One is on tricky ground, though, if there is too much of a drive towards conformity. It may exclude legitimate dissent and dissatisfaction. It may, unknowingly, reject pluralism and push towards unitarianism. This is a particular danger in the voluntary sector (NCVO, 2001) of this happening but is far from unknown in the private sector. It is one thing developing an environment in which partnership prospers, it is quite another to create a world where there is seen to be only one (organisationally driven) perspective.

#### **5.2.4 Empowering managers and employees**

Empowerment has become a dirty word in many people's eyes because the reality has too often meant more work, not greater responsibility. Where real transfer of power takes place there can be genuine benefits. This means passing responsibility from the corporate centre of organisations to operating units and, within these, from top management down to front-line supervision. It also requires devolvement of personnel activities from the HR function to the line. Devolving responsibility to line managers is beneficial in itself because it locates decision making at the point where it is most appropriate, that is at the interface between management and the managed. It gives managers the chance to involve employees in the decisions that most affect them in terms of their daily lives.

Devolving responsibility and decentralising power will only work well if there are policy frameworks within which localised decision making takes place. Thus the HR function or senior management need to set the boundaries within which the line

manager can operate. Within these restrictions, the manager can use his/her discretion.

Further devolvement can then involve employees. Increasingly, self-managed teams are being used, especially in manufacturing sites with wide discretion over production, resourcing and work/people scheduling. This can take out some of the conflict potentially found in annualised hours schemes or multi-skilling programmes.

### **5.2.5 Improving processes to deal with specific issues**

The new or revised processes we described earlier have been used to tackle specific, problematic issues. Here we consider some of the more common approaches.

Reward has been taken out of the equation in some organisations. This has been done by using an objective formula, by management providing a package of information on business performance and labour market conditions. Below are some examples:

- One utility company links its pay position to the median position in the relevant sectoral salary survey conducted by Hay management consultants.
- At Legal and General, trade union representatives and management discuss labour market data, company performance and affordability. There is no claim lodged by the union, nor an annual settlement, but continuing dialogue on remuneration issues (IPA, 2001).
- Hyder used the RPI, the 'going rate' and company profitability to inform its pay decision (IPA, no. 3, 1995).
- At another utility there is a meeting between management and employee representatives. The former set out the business position, inflation picture and information on pay trends. The employee representatives raise their issues and concerns. They discuss what figure for a pay increase would be acceptable from an employee perspective, and settle on an increase that will not result in the employee representatives being subsequently 'lynched'.

Collective bargaining is seen at Scottish Power as part of the partnership agenda. The objective as stated in the Partnership Council constitution is to 'achieve agreed changes to terms and conditions at or before the date of a new agreement, within the spirit of the partnership and without employee relations difficulties. There is a three stage procedure:

1. the management and trade unions share their negotiation agendas in advance
2. joint working groups prepare for the negotiation by acquiring data and sorting out non-contentious issues
3. the actual negotiations centre on the level of the settlement and any other changes to terms and conditions, without covering topics dealt with by the working groups.

The Partnership Council (a joint management/union forum) deals with any unresolved issues. (IPA, no. 4, 1995)

The problem that employee involvement tends to be passive, rather than active is a particularly important issue during a change programme. Many successful partnership organisations believe change can be better handled by having joint working parties examining the key questions. Some of these explicitly try to widen the base of employee participation. Blue Circle has made much use of these to build its partnership approach (Industrial Relations Services, August 1997). Allied Distillers has used project teams to deal with such difficult issues as multi-skilling and profit related pay (IPA, April 2001). Bristol Library Service used a pilot project to test the feasibility of having greater flexibility in service delivery whilst at the same time meeting employees' domestic needs. This was prompted by the impact of an earlier review of the library that had thrown up a number of difficulties. The management and unions developed some common ground rules with respect to running the project. It was to be (TUC, 2001):

- transparent – no hidden agendas
- voluntary – no pressed participation
- well communicated – both ways
- mutually beneficial
- owned – by both sides
- experimental
- equality proofed.



Other issues have been used more or less self-consciously to improve working relations. It is said that Ford's EDAP scheme was born of a joint commitment to change.

The EDAP scheme introduced by Ford is an illustration of how partnership at work can wider produce dividends. It was a self-conscious decision on behalf of management and the Transport and General Workers' Union to change the nature of their relationship, which had been characterised by conflict. Developing EDAP was used at one level as a means to achieve better working relations between the parties, and at another level as a way of realising the talents of the workforce. The learning organisation concept suggests that giving people the experience of learning in one sphere will translate into learning in another setting. So one can move from basket weaving to multi-skilling. An important characteristic of this approach is that it is centred on the individual, who chooses the approach to take.

BAE Systems, Filton, similarly used training and development investment as a means of building trust and improving communication. A government department used the setting up of a learning centre as a good mechanism for joint union/management working. This taught those involved that it was possible to accept differences of view, whether within one of the parties or between them. The key was to be open and honest.

Birdseye Wall's journey to partnership started in a similar way, with joint working groups looking at training and safety issues. As trust developed, the parties got in to more complex areas such as crewing and skills. This basis of trust enabled the company to respond positively to the crisis described on page 16. A partnership based approach produced £3.2 million savings in 16 months, exceeding the targeted amount. By the end of the restructuring, grading, shift rosters, relocation of staff and redundancies had all been agreed as necessary to meet the changing business need (IPA, February 1999).

### **5.2.6 Monitoring and review**

Another way of keeping partnership going is to monitor its progress on a regular basis and periodically to review its success. This has the advantage of spotting an upcoming difficulty before matters have gone too far. It affirms the principle that it is better to air problems than bury them. Honesty should be a characteristic of the partnership approach, and trust means that

you can be honest in reporting your fears, as well as hopes. The receiver of such information then has an obligation to respect the intentions of the other party and to try to understand any predicament they are in.

There are various indices you can use to monitor employee relations health. These include:

- evidence of conflict/dispute
  - number of disputes or grievances going through procedures
  - number of strikes or other forms of industrial action
  - examples of failures to agree, or deals rejected
  - examples of adversarial behaviour
- evidence on the state of employee morale and commitment
- levels of:
  - productivity
  - absence
  - resignation
  - lost time through accidents
- intranet hits on specific sites
- ability to recruit quality candidates
- attendance at briefing meetings and quality of issues discussed (*ie* strategic versus 'tea and toilets')
- understanding by staff of key business issues (*ie* are communication messages reaching their audience)
- changing management style, as evidenced by 360 degree feedback or from attitude surveys.

Some of these measures are easier to collect than others. There should be statistics on many of the items that are held anyway. Periodic employee attitude surveys should ask about employee satisfaction, but could go further to ask about feelings on management style, extent of involvement and quality of participation.

A transport company found the proportion of staff who were positive regarding consultation and information provision, rose from 46 per cent to 63 per cent after their partnership was launched.

Some of these measures are more subjective – like adversarial behaviour. Others may give indirect evidence. The ability to recruit and retain may be affected by all sorts of extraneous labour market factors. Nevertheless, exit interviews or questionnaires may pick up dissatisfaction with the way people feel they are being treated at work. Recruitment interviews may provide feedback that your organisation has a good reputation for its people management.

Taking the information from these measures in the round may give a generalised picture of the employee relations climate. Specific analysis may pick up actual or potential problems in terms of location. Thus an employee survey response combined with data on number of grievances may point to particular problems in one work area. The analysis may also pick up the nature of the problem. For example, grievances may all be about the distribution of a team bonus and this might also be identified from the survey. Remedial work can then be instigated to tackle the difficulty.

Arising out of the taskforce on staff involvement, NHS trusts are urged to review their practices on the following basis. To look for evidence of:

- written material (*eg* policies, mission statements, constitutions, posters, noticeboards, *etc.*)
- tangible actions (*eg* leaders attending meetings, following up actions from meetings, training, trade union facilities, *etc.*)
- staff perceptions (*eg* from attitude surveys, union meetings, exit interviews, *etc.*)
- hard statistics (*eg* sickness, turnover, external accreditation, improvement in patient care, *etc.*).

These measures are examined against seven 'standards' that cover:

- leaders
- vision and goals
- communications
- openness culture
- team devolvement
- early representational involvement
- development of employee skills and knowledge.

Monitoring should pick up the everyday sort of employee relations problems, but a periodic review may be necessary either to understand the deeper causes of problems identified or even to surface some bigger risks to the partnership process.

Northern Ireland Electricity conducted an audit in relation to its customer services review, referred to earlier. It looked at the whole process — joint working groups, communication and the setting up of the new businesses. This will give prominent attention to partnership aspects of the way the decisions were made. It identified both the positive aspects of the process but also the learning points that can help future exercises. (IPA, February 1999)

IES has been involved in several such reviews (see Jacks *et al.*, 2000 for an example). They enable participants to reflect on where they have come from, where they are now and where they want to be. In what should be an informal setting, participants (both managers and employee representatives) should be able to say why they entered a partnership arrangement and what benefits they derive from it. But they can also discuss their current difficulties and frustrations. The parties can also look ahead and identify threats and opportunities that may present themselves. A successful event would then develop an action plan that tackled problems and sought to maximise opportunities.

A review of this nature has a number of benefits; it:

- provides another means to improve personal relationships
- offers the means to tackle long standing and enduring difficulties with partnership, *eg* failure to consult or inform, evidence of negative behaviour, *etc.*
- gives participants the chance to reaffirm their support for partnership
- offers the opportunity to brainstorm ideas on improving partnership marketing, communication, training, *etc.*
- provides an informal setting to discuss substantive topics (*eg* pay, flexibility, *etc.*) which are in dispute.

### **5.2.7 Dealing with a crisis**

It may be that for all the hard work that has been done to keep partnership in good shape, a crisis nevertheless arises. This may

be because of one of the factors, described in Chapter 3 – loss of key supporters, organisational change, business downturn, *etc.* Some of these matters may not be within the control of the parties, but if the problem concerns the relationship between management and representatives, what can be done to remedy the situation?

From the case studies and the literature, here are some ideas:

- keep open lines of communication at all times
- do not over-exaggerate the nature of the problem
- think of the long term as well as the short term in dealing with the issue
- take some risks that affirm your trust in the other party
- use joint working groups, involving as wide a slice of the working population as possible, to problem solve
- recognise that each 'side' has a constituency it needs to satisfy
- use informal and formal means for discussion, including offsite venues
- make use of conciliators or third party facilitators.

Corus and the steel union, ISTC, provide an example of keeping open lines of communication despite wider problems. Despite a contentious major restructuring, the two parties continued to discuss future skill needs in the workforce. They looked at skill gaps and the means to address them, including the trade union's role (IPA, October 2001).

When Blue Circle Cement decided to close two plants with the loss of 250 jobs, it asked the jointly constituted Company Wide Action Team to look at how the pain could be lessened. Their ideas prompted retraining, relocation and redirection of surplus employees to other employers. Only 13 staff were left unemployed at the end of the process (IPA, 2001).

Allied Distillers used the GMB college in Manchester as the venue for an informal relationship-building meeting between union officials and managers. This was important to do because the partnership idea was faltering. The AEEU at that stage had opted out and the GMB were exploring its implications. The value of an offsite meeting of this type was described by one of the HR team: 'If you know the guy, you can trust him, and you can separate the person as an individual from the guy doing business with you.' (IPA, April 2001).

Better personal relationships allow people to get in touch with each other if they need to solve a problem. At the conclusion of an

awayday facilitated by IES, several managers and trade union representatives were arranging to speak about specific issues that had either come up during the day, or were part of their daily business. These discussions contrasted with the rather stand-offish way that characterised the beginning of the meeting.

These ideas are common to most forms of dispute resolution. What is noteworthy in the partnership context is that either there has been a good set of relationships that has (temporarily) broken down or there is an external threat to the partnership arrangement. If it is the former, and then there may be a common objective (eg the preservation of good employee relations), all that is required is to agree the best means to secure that objective. This is where one or both parties might take a risk to create a trusting environment. A senior manager may give a union full-time official some highly confidential information. The full-time official might disclose their negotiating position. Whilst it can be dangerous to create a common enemy, it can bring the internal parties together to face the external threat.

If there is a need to rebuild personal relationships, third party help or a safe environment may be necessary to deal with the conflict. Keeping the problem in perspective might be useful. It may be worth thinking about what benefits partnership has delivered and will deliver. In that context, is the argument about pay or conditions sufficiently important over the longer term?

Whatever the origin of the dispute, the parties need to keep talking to each other, whilst understanding that both have constituencies to placate. The HR negotiating team has to think about the views of senior or line management. Trade union representatives have to think about the attitudes of the membership. Both parties may have to say or do things to ensure support. Things may be said or done that are hard for the other side to stomach, but a recognition as to why it was necessary may ease the pain. And an informal explanation of what is going on is a demonstration of trust and respect.

# 6. Whither Partnership?

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## 6.1 Too clever by half?

There is an argument that partnership is too sophisticated an employee relations model. It offers employee representatives influence but no power. They can be well informed about the organisation, they can be consulted on important decisions before they are taken, they can have a *voice*; but in the end management decides. Whilst businesses are run for the benefit of shareholders, the employee stakeholder will always come second. The role of representatives in the context of partnership, moreover, may lead employees to expect that they will have an impact. If they do not, and accept the business analysis, then they are company 'stooges'. Employees have themselves to be a well informed audience to understand the limits of trade union influence, and the extent to which they can always meet the workforce's needs.

Difficulties exist on the management side too. Senior management might be committed to partnership because they like the theory, but their line managers might not be in the slightest bit enthusiastic. HR might be keen but cannot persuade operational managers to change their style. Or it may be that there is the one charismatic leader who is the flag bearer of partnership, but, as we observed, the organisation is vulnerable if such an individual moves on.

Even if the parties agree on the concept of partnership in theory, they may not be clear on what it looks like in practice. For those organisations that continue traditional negotiations on terms and conditions and consultation on other issues, it could be argued

that they have not got a partnership arrangement at all (see below). We have seen that some in management think that partnership means that the trade unions accept the legitimacy of the business case, and so conflict disappears. There are trade unionists who think that partnership is all right so long as they get their own way, and where they do not, then there is legitimate conflict.

Finally, there are those who, like one personnel director, find partnership 'froth' – a term without meaning. It is just another fad or fashion that grossly over simplifies the complexity of employee relations.

Perhaps this is why the TUC has only logged around 60 partnership arrangements, and why, when IES looked for examples on behalf of a client, we discovered some very instrumental deals masquerading as partnership models. Being in vogue means that many organisations and trade unions will seek to badge their employee relations as based on partnership, when the reality is far distant. The genuine article is much less common.

## **6.2 Is there an alternative?**

What is the alternative to partnership? There is the adversarial kind of employee relations. This is attractive to those at either end of the political spectrum: those who wish to see a deregulated employee relations landscape and those who believe that it is power relations that should settle disputes between management and trade unions. However, it is unlikely that economic prosperity will be built on this approach.

Then there is 'constructive antagonism' (Edwards, 1995), where there is acknowledgement that there will be areas of conflict and areas where collaboration will be appropriate. This, it could be argued, is the approach traditionally to be found in the UK. Indeed, in Industrial Relations Services' survey of employee relations practice (December 1997), it found the vast majority of organisations using a mixed model – partnership on some items, trade unions reactive to management proposals on other topics, adversarial or power sharing, depending upon the issue. There have always been areas where agreement has been possible – health and safety, and training and development – as



well as areas where difference of opinion has been commonplace (eg over terms and conditions). This reflects our more voluntarist approach to labour relations than is found in Continental Europe, but one where trade union influence has been high.

Partnership, as we have argued, has developed against a backdrop of failing trade union influence. In a global economy where jobs can easily come and go, at least in some sectors, the TUC, it seems, has taken the view that partnership is a means of engagement that is palatable to employers and also gives constituent unions a means of influence. Some employers have accepted partnership because they see the business benefits to be derived from an engaged workforce and they see the need to offer a positive employment deal.

This suggests that from different directions employers and employee representatives can see the value of a *high road* to employee relations. They can argue for win/win deals, rather than zero-sum outcomes, in a self-conscious employee relations strategy. But, one could say, that it also suggests that for many, if not most of the participants, partnership is a pragmatic problem solving approach. So it needs to deliver to the organisation and to employees. What label is put on it by outsiders may be irrelevant.

### **6.3 Why partnership and what benefits?**

In truth, many partnership arrangements have come from a crisis. Our backs are against the wall, so we must do something different. For companies like Blue Circle or Birdseye Wall's this has meant getting the workforce involved, because without their engagement the survival of a plant, business stream or even of the company itself would not be possible. So employers may start to use partnership as a mechanism to help orient employees and their representatives towards a common business goal. It may then go beyond cost reduction or productivity improvement to survive, to more positive issues like customer care or business innovation. Management has also made use of partnership deals to improve working practices, especially in obtaining greater workforce flexibility. Such arrangements can play a leading part in reinforcing cultural change. In a more practical sense, partnership has been used to improve employee relations processes, removing the rituals, and updating procedures. In

some cases, partnership has been used to remove the right to strike, though this sort of extreme instrumentality may be of a kind that does not fall within a true definition of partnership.

Research suggests that partnership organisations outperform those with other employee relations structures (eg Guest and Pecci, 1998). The theory is that partnership positively influences employee attitudes and behaviours so as to increase employee performance, which is reflected in improved productivity, quality, and innovation. This helps organisational performance directly and indirectly through lower labour turnover and staff absence. However, whilst some the research can show the benefits, it cannot prove the line of causality: it cannot show that it is *partnership* that is having the effect, given that there are other variables in play. Despite this, organisations that favour the partnership model do so because they perceive better employee commitment, greater acceptance of change, and reduced employee relations conflict.

Trade unions have sought the benefits of establishing formal mechanisms for consultation and information that give them rights to be involved in decision making over key issues. This increases their knowledge of the business situation and offers them the means to influence management choices. It allows them to impact on the management of change, to mitigate its negative effects on the workforce. Like management, trade unions have seen the advantage of a more productive employee relations climate in terms of achieving practical benefits. Trade union representatives have obtained undertakings from employers regarding job security (often in exchange for more flexibility). Employers may have been encouraged to recognise that skill development, training and redeployment can be the means to improve the employability of employees. Unions have seen diversity, work/life balance or 'fair' pay on the agenda in a way that might have been difficult previously.

For some trade unions, tacit company 'support' for union recruitment activity has been an important reason for adopting a partnership approach. They may get access to staff for union recruitment purposes in the induction process or at team meetings. Management may see this as helping to broaden the union base, and therefore with its representativeness helping to avoid the union being dominated by a clique. Similarly, the

union may get improved facilities (especially time off for representational purposes), partly because management sees the benefit in having active and well informed representatives.

So there are benefits pragmatists can obtain from partnership that might be difficult to achieve if a different approach is adopted. Some may not go for the 'full monty'. They may use a partnership approach in some circumstances but not others. This may limit the value to be gained, but it does avoid dealing with some of the trickier aspects of establishing a partnership relationship. A return to adversarial industrial relations does seem out of place in today's organisational world. This does not mean there will not be conflict; it is how it is managed that is important. The widespread adoption of a partnership model may not be visible if the parties prefer to avoid 'badging' it accordingly, but in practice many of the characteristics of this approach we described earlier may be present. On the one hand, the advent of national works councils may push organisations towards a formalism that they might otherwise eschew. On the other, will a slacker labour market and economic downturn damage progress towards more constructive employee relations? Time will tell.

## 6.4 Prerequisites for success in employee relations

Using the experience of our respondents and other research, what are the necessary conditions that will make employee relations work well? The following are some suggestions that particularly apply if the organisation is going down the partnership route.

- **Top-level commitment.** If senior management (and the board) does not support partnership it will not survive the next crisis. This support is not just in what it says, but equally in what it does. A good example of leadership from the top was seen at Thames Water, where the operations director took an active role in the working group that set up the partnership deal (IRS, November 2000).
- **Risk-taking by both managers and representative groups.** Organisations have to trust employee representatives with sensitive information and increased influence, even where in the past they have not shown themselves to be entirely reliable. Unions or other representatives, for their part, risk that, by

accepting the business case, they are undermining their capacity to act as a brake on change. This may be seen as offering no immediate or obvious benefits to their members. They are open to the charge of collaboration. It takes some nerve and confidence to follow this path in these circumstances

- **Acceptance of multi-channel representation.** Given that trade unions rarely have complete coverage of all employee groups, they may have to accept that they may have to sit down with non-union representatives or members of other union groups if they are to have access to business information or to have the opportunity for consultation with the employer.
- **Dealing with recalcitrance** among 'old school' middle managers and union representatives. There are likely to be those opposed to the partnership style of working. These may be supervisors or middle managers who do not like an involving style, considering it to be too soft and unrealistic. There are employee representatives who regard partnership as 'selling out' to management or being duped into passivity. Investment in joint training is a common approach to tackling this problem.
- **A move away from confrontation.** Many trade unionists (and some managers) are used to an adversarial approach, where the parties have opposing interests and find it hard to accept the other side's position. Bargaining settles all differences on the basis of win/lose results. The aim may instead be for win/win solutions by seeking end results that satisfy both parties. There is also a need to move towards more informal dispute resolution. The rituals of traditional collective bargaining, with its playing to the gallery, have to be replaced by more honest and open negotiations.
- **Acceptance of the validity of each other's goals.** Employees have to accept business priorities and pressures. Senior managers have to accept that staff involvement, participation, motivation and skill development are central to meeting business objectives.
- **Marketing the benefits of the chosen approach to employee relations.** Employees may need convincing or reminding of the advantages of their employee relations structures. Or they may be ignorant, and need informing. Noticeboards, web pages, handbooks, briefing packs, newsletters have all been used to accentuate the positive aspects of employee relations and encourage participation.
- **Recording the partnership approach in the way that best suits the organisation.** Some organisations believe that they should

record their partnership approach in a written document similar to other procedural agreements. Others disagree: they believe partnership to be a matter of trust between the parties that would be constrained by a set of particular arrangements. A halfway house is to record the key values or principles (like Barclays/UNIFI's list of mutual commitments).

- **Integrating employee relations with other people practices.** There is good research evidence (see for example Guest and Peccei, 2001) that it is 'bundles' of positive HR policies, rather than single initiatives, that are likely to be more effective in maximising employee performance. Thus partnership through representational structures ought to be combined with some form of share ownership or profit sharing, direct employee involvement in job design and/or self-managed teamworking, effective communication and investment in training and development. These things need to link together to gain the full effect.
- **Recognising the individual.** Managers and representatives have to understand and respect the differing needs of staff. This means that they cannot simply lump everybody together as a single entity. This is especially true as the workforce becomes more diverse, but if organisations are to be successful in the future they must be able to maximise the performance of all their employees, since this will be the key to achieving competitive advantage.
- **Investment of time and energy.** To make partnership work, managers and employee representatives have to recognise that time has to be spent in nurturing the idea. This will be through formal meetings and informal discussion. You cannot communicate too much if you want to sustain trust and understanding.

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