

What do recent attempts to adopt 'partnership' approaches and practices suggest about the changing management priorities in industrial relations?

Introduction

In order to answer this question effectively I intend to split it into four distinct sections. In the first section I will outline what the term 'partnership approaches' actually means. In order to do this I will discuss the differences between 'social partnership' and 'partnership at work' and outline why partnership at work has been adopted as the dominant partnership approach in Britain.

The following sections will form the body of the essay. Within these sections I intend to discuss whether the adoption of workplace partnership initiatives has been successful or unsuccessful, thus indicating to us whether management priorities are changing or not. This will be done mainly via the use of relevant authors and case studies. However my argument will mainly be based around the fact that, although in some cases partnership approaches are being adopted successfully, there has in fact only been a limited adoption of such practices, and in many cases management have little intention of changing their priorities.

After discussing whether or not partnership approaches appear to be succeeding or failing, I hope in the final section to be able to draw some conclusions as to whether the adoption of such approaches are having any impact upon management priorities, and briefly suggest what the future is likely to hold.

Outlining Partnership approaches

It is important for us to first define the meaning and significance of partnership approaches in Britain. 'Social partnership' is an imprecise term and in Britain carries a number of meanings and refers to a range of union activities (Ackers and Payne, 1998; Guest and Peccei, 2001; Tailby and Winchester, 2000). Indeed there is much debate over the exact meaning of partnership in Britain, Guest and Peccei (2001) confirm this argument, they argue that there is, in fact, no agreed definition or conceptualization of partnership in either academic or policy literature. Different writers tend to adopt different definitions and to emphasize potentially different elements and dimensions of partnership. It is prudent at this early stage that we come to some sort of conclusion as to what partnership approach has become dominant in Britain.

In Britain to date, almost all discussion has been focused on company and workplace employment relations, thus 'partnership at work' – rather than the broader conception of 'social partnership' has attracted most interest (Tailby and Winchester, 2000). Partnership can have different meanings at different levels the term 'social partnership' has become more associated with the European level. At this level it can refer to union involvement in the European Social Dialogue and the negotiation of framework agreements, such as those on parental leave and part time work, which have been adopted as directives by the European Union (Heery, 2002). However Britain differs from many other European countries in that the main approach adopted has been partnership at work / company level where it can refer to the negotiation of distinctive partnership agreements between unions and management, which are intended to promote a new and more cooperative set of relations within firms (Heery, 2002).

For the purposes of this essay it is prudent therefore to concentrate on partnership at work rather than the broader concept of social partnership, it is also prudent therefore to look at the differing reasons why this partnership at work approach was adopted in Britain however an in depth discussion of these reasons is not required. In recent years, the idea of partnership at work has received considerable support in the UK from government, employers and trade unions (Guest and Peccei, 2001). There are varying reasons why the partnership at work approach has been adopted in Britain. One of the main reasons is the support that it has received from the Labour government who through its Employment Relations Act (1999), its

white paper *Fairness at Work* (1998) and its Partnership Fund has shown its concrete support for partnership at work. Further to this the TUC has promoted partnership processes in its *Partners for Progress: New Unionism in the workplace* (TUC 1999) and the CBI (the employer's confederation) has also shown support for partnership by endorsing this paper. However, authors such as Guest and Peccei (2001) present a different view, as to why partnership at work was adopted. They argue that management attempts to by-pass unions by involving employees directly have met limited success in terms of enhanced worker commitment, creating 'dualistic' union and non-union structures, resulting in some employers courting union support to make employee interaction work. Further to this they suggest that British business has had to adjust to the changing political and ideological mood as the government adopts EU social policy informed by social partnership.

We have established that workplace partnership agreements have become dominant in Britain; however we have yet to establish what such agreements actually entail for business and employees, it is important for us to do this if we are to discuss how management priorities have changed. Perhaps the best definition comes from the Involvement and Participation Association (IPA) the leading UK pressure group for the adoption of partnership. They argue that 'the four key blocks of the partnership principle are (a) security and flexibility, (b) commitment to the success of the enterprise, (c) openness and transparency, (d) representative and employee voice' (Guest and Peccei, 2000).

Changing management priorities

Successful partnership

For the purposes of this essay it is prudent for us to infer that if partnership approaches appear to be successful then this indicates that management priorities in industrial relations are changing.

Ackers and Payne (1998) point out that 'both management and unions have many common goals' on issues like training, health and safety and quality. These 'Common Aims' of 'Employers and employee representatives' require 'a joint commitment to the success of the enterprise' a need for 'trust', and recognition of 'the legitimacy of the role of each party'. According to them all this rests upon four key areas in which management and trade unions need to rethink their approach, these are outlined briefly below:

- *Security of Employment and Job Security* – where a joint approach founded on flexibility and a sense of personal security facilitated by 'increased training and career development' must be adopted.
- *Sharing in the Success of the Organisation* – through financial rewards and other benefits, here management must be seen to be fair e.g. they should not give excessive pay increases to top management.
- *Employees rights to be informed and consulted about matter of concern to them* – this involves a clear two way channel of communication and information, including techniques like TQM, Team Working and Quality Circles
- *Representation of the Workforce* – changes are needed here, trade unions should acknowledge that they 'are no longer the sole channel of representation' while employers should accept 'the basic justification for representative structures'

According to Tailby and Winchester (2000), a number of employers have embraced enthusiastically the partnership concept, and some of the best publicized partnership agreements were actually concluded before the TUC had set out its own policy proposals. For example the New deal negotiated by Unions and management at the Rover Car Company in 1991/2 included job security commitments in return for greater flexibility and the extension of team-working, this matches our four point model above and represented a significant change in management priorities given the previous adversarial bargaining in the company. Many early agreements in partnership were concentrated in manufacturing areas like this as well as the privatised utilities, but interest in partnership has since spread to organisations in retail, finance and the public services (Tailby and Winchester, 2000).

Another example which indicates that the adoption of partnership agreements are changing management's priorities comes from the Cooperative Bank. In 1997 the bank launched its Seven Partners programme, detailing its idealised new relationships with shareholders, customers, employees and their families, suppliers, the community, society and past and future generations (Travis, 2002). This deal sought to provide a framework for the sensitive and effective use of change management, as well as employment security policies in exchange for employee commitment to change, improved pay and rewards and training commitments. Travis (2002) points out that the partnership agreement in 1997 paved the way for more meaningful and open dialogue, changing the general approach to industrial relations. Management agreed to exchange and consult union representatives about business issues and change initiatives at an early stage as well as sharing concerns and ideas. The success and benefits that this partnership approach have brought to the company are numerous indeed such positive progress has been made that a second partnership agreement was made running from April 2000 to March 2003.

The partnership agreement at Barclays bank also fits in with our four point model indicating that management's priorities appear to be changing. The agreement here allows for the joint review of issues such as equal opportunities, family-friendly working, performance management, job evaluation, and the impact of information technology (Heery, 2002). Further indicating that management priorities are changing, Heery (2002) points out that at Barclays there is a renewed stress on consultation and a prominent feature of partnership agreements such as this one is the creation of new company councils or forums acting as advisors to management. Also in such cases as this one, there has been reliance on joint working and problem-solving groups, in which management and worker representatives come together to develop policy or resolve difficulties in the systems of work and employment relations. Previously Barclays had no such union-management partnership agreements thus indicating to us that the adoption of partnership approaches at Barclays and other similar companies has changed managements priorities, indeed management at Barclays now appear to be much more cooperative with unions allowing for greater communication and much higher levels of trust between the two parties.

Finally the partnership agreements agreed by Welsh Water also indicate that management priorities are changing. A culture-change programme was initiated and two key foundations were put in place: a joint project to involve the unions in changing working practices; and a strong commitment to management development and training (Tailby and Winchester, 2000). Four partnership agreements have been agreed between management and full time union officials between 1991 and 1998 proposing such things as new pay formulas, more flexible working conditions, empowerment and greater job security. These packages have been hailed as a major breakthrough in union management relations as it indicates a move away from an adversarial structure of annual pay negotiations towards greater trust in relations between management, unions and employees based on job security (Tailby and Winchester, 2000).

It can be argued that the above examples do indicate that management priorities in Industrial relations appear to be changing due to the adoption of partnership approaches. There appears, in the above companies to be a move away from previously adversarial bargaining structures towards a higher degree of trust and cooperation in line with the four-point model outlined at the start of this section. This has been achieved via the introduction (amongst others) of increased team working, job security, training opportunities and the development of such things as problem solving groups and company councils.

The work of Tailby and Winchester (2000) helps us to sum up this section effectively. They argue that the process of developing, negotiating and gaining acceptance of partnership agreements within the organisation does seem to have some 'distinctive features' which imply 'an ideological break with past practice', in particular, a long term view of the organisation and employee relations, with an emphasis on 'jointism', openness and trust. Also there has been a 'considerable investment of time and resources in joint union-management presentations, publicity videos and road-shows designed to proselytize the benefits of partnership agreements to shop stewards and employers whose initial, enthusiasm has often been limited (Salamon, 2000).

Unsuccessful partnership

To suggest that workplace partnership has been totally successful and as a result management priorities have changed would be naïve, indeed there is a view amongst many authors that partnership has in fact been unsuccessful, and as a result management priorities have not changed, management may in fact be using partnership with ulterior motives in order to further undermine union power.

Salamon (2000), points to the fact that as with previous 'new' management strategies that were forecast to change fundamentally the nature of employment relations, only a small number of well-publicised organisations have sought to implement 'workplace partnership' as a coherent 'new-start' strategy. Further to this there appears to be a relatively small number of partnership agreements in Britain, and according to Tailby and Winchester (2000) this is compounded by the fact that they 'exist in an institutional vacuum' within the wider society – workplace partnership is not being complemented by social partnership at the national level. It is fair to say that if there has only been a limited adoption of partnership agreements in Britain then it is unlikely that such agreements are significantly changing management practices.

Despite its advocacy by the TUC and major trade unions, concrete manifestations of partnership remain rather thin on the ground within the British economy (Guest and Peccei, 2000). As stated earlier there has been some diffusion of partnerships within sectors, such as banking, retail and the spirits industry but, in other industries, partnership firms have not attracted imitators (e.g. water, cement and business services) (Heery, 2002). It is prudent, therefore, for us to conclude that management practices in industrial relations are not significantly changing due to the adoption of partnership, purely because of the fact that partnership is not being significantly adopted.

An important point to note when deciding if management priorities have changed due to the adoption of partnership agreements, is the fact that many partnership agreements have emerged from a business crisis (e.g. Blue Circle, Hyder and Rover) and were actually the product of employer coercion of unions (Heery, 2002). This has taken the form of derecognition of critical unions (Hyder), the threat of derecognition unless partnership was accepted (Tesco) or the threat of major job losses (United Distillers). So we can see that several prominent partnership agreements have emerged from a threat to the position of the union, which signal an employer-dominant process of reform (Heery, 2002). This clearly indicates that in some cases partnership agreements are being forced upon unions, thus indicating that management priorities are not changing.

Indeed, it can be argued that not only have partnership agreements had a limited adoption, in some cases they have actually been opposed, indicating that management priorities are not changing. It has been argued that management often see partnership as 'another union Trojan horse', which will undermine the drive towards a 'free' labour market and the individualisation of the employment relationship. It is also claimed that unions are 'sceptical of the possibility of genuine partnership' as it contains the potential for subverting the union's role by its incorporation into management, as it is argued that unions have little choice but to accept 'a role within the organisation which has been defined by management' (Salamon, 2000).

John Kelly is an author who has argued strongly against unions adopting partnership; his work backs up the view that management have little interest in taking partnership seriously and are actually seeking to reduce union influence further. He points out that employers are becoming increasingly willing to think of life without unions, this suggests to us that management priorities are unlikely to be changing due to the adoption of partnership, since it is difficult, if not impossible for unions to achieve a partnership with a party who would prefer they didn't exist. To support his argument Kelly has pointed to cases of union member rejection of partnership, such as a 49% vote against partnership at Scottish Power, and initial rejection at companies such as United Distillers (Heery, 2002).

Kelly (1996) has argued that partnership is actually a sophisticated attempt by management to bypass or marginalise unions, by using it to implement redundancies, reduce wages and

re-assert managements 'right to manage'. He points out that companies who have introduced partnership approaches such as HRM have almost all tried to reduce the range of issues over which unions can exert influence. Indeed one large company – Cadbury Ltd – produced a confidential document stating that, 'the role of the trade union needs to be marginalised by greater focus on direct communication and consultation, but without an overt statement to this effect'. This clearly implies that in some cases management have little intention of changing their priorities and are adopting partnership practices under false pretences. Indeed Kelly (1996) states 'there is little sign that employers are seeking out forms of moderate unionism, or are open to partnerships with unions: more and more they appear to not want unions at all'. This view is backed up by the work of Tailby and Winchester (2000) who argue that many employers are willing to pursue aggressive policies of resistance to union recognition campaigns, or to establish employee forums and consultative committees as an alternative to trade union recognition. To sum up Guest and Peccei (2001) argue that mutuality lies at the core concept of partnership, however the analysis of the principles that are endorsed and the practices that are in place indicates greater emphasis is placed on employee contribution than on promotion of employee welfare and rights and independent representation, indicating management may be gaining more from the practice of partnership.

Finally Heery (2002) makes an important point, when he notes that there is little incentive for many employers to respond to a union-led partnership agenda. He argues that this emanates from the structural features of British business, which arguably discourage companies from seeking a long-term co-operative relationship with their workforce. The framework of corporate governance and financing places a premium on short-term performance and the maintenance of shareholder value, thus diminishing management responsiveness to other potential stakeholders (Sisson, 1995), including unions, thus suggesting that management have little interest in perusing partnership agreements or changing their priorities.

Conclusion

It is evident from the research that management whom adopt partnership approaches have recognised that they must do so in order to provide a foundation for the long-term co-operative relationship between management and employees (Salamon, 2000). It is possible to see such managerial attitudes present in companies such as Barclays Bank and Welsh Water whom we discussed earlier. At such companies as this, there does appear to have been a significant change in management's priorities, so that they now believe management can only effectively manage the organisations operations by sharing power, authority and decision making through partnership approaches. This has been shown through the adoption of (amongst others) increased team-working, job security and greater training opportunities.

However there has been conflicting evidence as to the successfulness of partnership approaches, and it would be naïve of us to suggest that all partnership approaches have been a success thus indicating changing management priorities. Indeed many authors such as Guest and Peccei and Tailby and Winchester have highlighted that partnership has only had a limited adoption in Britain, and where partnership has been adopted and not had management's whole hearted backing then serious problems have arisen. Kelly (1996) has argued this point and points to examples such as Cadbury Ltd to suggest that management priorities aren't actually changing, in fact he argues that management may be using partnership under false pretences, to try and further incorporate unions into the organisation and thus reduce their influence further. The case for changing management priorities is further weakened by the fact that many partnership agreements arose from a business crisis, resulting in unions being forced into such agreements, thus indicating an employer-dominant process of reform.

I presented the view at the start of this essay that although there is no doubt that in some cases partnership approaches are being adopted successfully and changing management's priorities, there has only been a limited adoption of such practices and in fact in many cases management have little intention of changing their priorities. In my opinion after looking at the evidence, this appears to be the correct conclusion. I do not pretend to deny that in some cases such as Welsh Water and Barclays, management appear to have adopted partnership enthusiastically and there does appear to have been a real change in their attitude / priorities

from their previously adversarial approaches. However in the current industrial relations climate it appears to be the case that partnership is only having a limited adoption and in many cases both management and unions are sceptical of each others motives for adopting partnership approaches, with neither side wanting to loose influence. Kelly (1996) states 'it is hard for unions to achieve a partnership with a party who would prefer they didn't exist', and in many cases unions have no choice but to accept partnership agreements and thus incorporation into management's objectives.

However is this always going to be the case? The future for industrial relations in Britain is still unclear, the current governments intentions appear to be to support partnership approaches, however the wider adoption of partnership approaches depends upon whether the current government will endorse forthcoming EU legislation regarding the introduction of Work Councils, which could lead to Britain having strong, statutory provision for worker representation similar to the likes of Germany.

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