

EDITED BY
STEWART JOHNSTONE
AND ADRIAN WILKINSON

DEVELOPING POSITIVE EMPLOYMENT RELATIONS

International Experiences of
Labour Management Partnership



Developing Positive Employment Relations

Stewart Johnstone • Adrian Wilkinson
Editors

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Management Partnership

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Part I

Conceptual Debates

1

Developing Positive Employment Relations: International Experiences of Labour–Management Partnership

Stewart Johnstone and Adrian Wilkinson

Introduction

Ideas of employee participation and voice have a long history as part of the search for positive employment relations, and have also attracted extensive interest among human resource management (HRM) and industrial relations researchers. In practice, participation can refer to a wide range of approaches and techniques, ranging from direct employee involvement initiatives such as profit-sharing, quality circles and communication techniques, to giving workers ownership and control of organisations (Wilkinson et al. [2010](#), [2014a](#)). In between these two extremes is the pluralist idea of representative participation, where the

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central assumption is that differences of interest will inevitably arise in organisations, and that effective employee representation is important in attempting to reconcile different interests (Johnstone and Ackers 2015). Historically, collective employee representation would normally be provided by independent trade unions through collective bargaining and joint regulation of the employment relationship.

However, examination of various indicators—such as union membership, density and collective bargaining coverage—reveals trade union decline in many nations (Verma et al. 2002; Waddington 2014). Some employers may take the view that this is not necessarily a problem but a sign of the times, with most modern organisations recognising the value of good people management. New HRM techniques offer more sophisticated ways of managing the employment relationship and there has been an increase in legislation designed to protect workers from unfair treatment (Gollan et al. 2014). Few industrial relations commentators would consider the above position to be realistic, and the influential concept of ‘frames of reference’ developed by Fox (1966) is useful in understanding why. Industrial relations scholarship has traditionally rejected a unitarist view of the employment relationship which assumes that the interests of employers and workers are congruent and naturally cooperative, in favour of a pluralist understanding which recognises an irremovable conflict of interest at the heart of the employment relationship (Heery 2015). In addition to basic economic and legal dimensions, the employment relationship is also believed to have an important psychological aspect which influences employee attitude and behaviour, and crucially a political dimension, with power normally tipped in favour of employers (Colling and Terry 2010). As a result, collective representation of employee interests is considered desirable as a means of redressing this imbalance and to protect employees from exploitation and unfair treatment. Classic pluralism viewed strong trade unions and collective bargaining as the best solution to this regulatory challenge. Some industrial unrest and conflict was accepted as normal, and the emphasis was therefore upon the reconciliation of divergent interests, meaning relationships between unions and employers may be expected to be adversarial and antagonistic at times (Ackers 2014).

However, there has long been an interest in developing more constructive and proactive arrangements where employers and unions work

collaboratively in support of the overall success of the organisation. In academic industrial relations, the works of Walton and McKersie (*A Behavioural Theory of Labor Negotiations*, 1965) in the USA and Flanders (*The Fawley Productivity Agreements*, 1964) in the UK were seminal publications, both suggesting that different kinds of bargaining relationships were possible between unions and employers. The central idea was that in contrast to the distributive agenda associated with the ‘arms-length adversarialism’ of classic pluralism, where employers and unions focus on defending their own distinctive interests, unions and employers can potentially work together as part of an integrative agenda, forming cooperative ‘productivity coalitions’ to the benefit of all parties (Heery 2015). Freeman and Medoff (1984, 165) described this as ‘management and unions work[ing] together to increase the size of the pie as well as fighting over the size of their slices’.

In some European nations such as Germany, and rooted in notions of ‘economic democracy’ (Wirtschaftdemokratie), the system stresses the importance of stakeholder participation in issues of labour and industrial management (Casey and Gold 2000). The ideas and language of cooperation, dialogue and mutual gains are well established in the concept of social partnership, which itself is embedded in European-style social democracy and industrial citizenship (Hyman and Gumbrell-McCormick 2010). Social partnership is concerned with encouraging cooperation, consultation and dialogue between the social partners (unions, employers, government agencies and other interest groups) in the making of economic and social policies on specific issues such as wage fixing and broader challenges such as retirement provision. As a minimum, this encourages discussion and debate, but may also lead to consensus regarding appropriate policy responses. The social partnership approach is also enshrined in law and supported by specific institutional mechanisms, mostly notably the dual system of industrial relations which channels the integrative aspects through employee-based works councils, and the redistributive aspects through centralised collective bargaining between unions and employers at the sector level. This ‘dual system’ arrangement is believed to lead to a close partnership between the two sides of industry (Gold and Artus 2015).

In other nations, especially the liberal market economies, such approaches have been described as having an ‘alien ring’ (Ferner and

Hyman 1998, xv). More voluntarist traditions mean a range of possible arrangements have been identified. In the context of Britain for example, Purcell (1981) outlined four patterns of industrial relations depending on both the degree of trust between the actors and the degree of formalisation of the arrangements. Purcell argued that while cooperation could develop in both formal and informal contexts it was trust that was a prerequisite for cooperation. These ideas were further developed by Purcell and Sisson (1983) in a subsequent typology which considered the extent to which unitarism and pluralism were evident. Unitarist employers, with their emphasis on common purpose and shared goals, might favour an authoritarian approach stressing compliance with rules, or a softer paternalistic approach concerned with promoting employee welfare and involving employees to increase levels of commitment. Both approaches are primarily concerned with the direct relationship between employers and individual employees and the extent to which this helps or hinders enterprise goals.

For pluralists, however, the inevitability of conflict and political dynamics of the employment relationship mean strong workplace institutions, such as trade unions and collective bargaining, are needed in order to mediate and reconcile tensions in the employment relationship. The particular value of the Purcell and Sisson framework is that it notes how different types of relationships are possible between unions and employers. Employers may be pragmatic and opportunistic, with industrial relations viewed as a firefighting activity and management responding to issues as and when they arise without a guiding strategy or ideology (standard moderns). Alternatively, a more legalistic 'constitutional' approach may be taken where the limits on collective bargaining are formalised and codified in a collective agreement and managers are generally free to make decisions on issues beyond the scope of formal agreements. Finally, there may be an aspiration to go beyond formally prescribed and primarily distributive issues, and to develop more cooperative and integrative bargaining relationships characterised by high trust, extensive consultation and a commitment to joint problem-solving (a sophisticated modern 'consultative approach'). It is this third approach which has many of the hallmarks of the labour-management partnerships which form the focus of this book.

The Partnership Alternative

In broad terms, contemporary debates regarding partnership and labour–management cooperation are concerned with developing collaborative relationships between employment relations actors, and usually between trade unions and employers, as part of an attempt to work together in search of mutual gains outcomes (Kochan and Osterman 1994). In recent years, attempts at developing more collaborative relationships have variously been termed ‘workplace partnership’, ‘enterprise partnership’, ‘labour–management partnership’ and ‘mutual gains’. However, the terminology of partnership is frequently confusing and we need a more developed definition.

Firstly, partnership is primarily informed by pluralist concerns with the collective dimension of the employment relationship, reconciling the inevitable tensions between different business priorities and improving the overall quality of workplace relations. Reflecting this emphasis, most of the debate has occurred in the industrial relations field, though there are clear linkages with broader HRM debates concerning high-performance work systems and employee engagement. Secondly, there is also a general emphasis on improving the nature of the relationships between stakeholders, greater involvement of workers and their representatives in decision-making and encouraging organisational actors to work together to solve problems and pre-empt conflict. In terms of processes, representative voice is central to all definitions, with partnership typically associated with a highly consultative management style and a transparent approach to decision-making. Developing constructive dialogue around issues of business concern (e.g. efficiency, productivity) as well as employee priorities (e.g. job security, fair treatment) means recognising the legitimacy of different points of view and requires high-trust relationships to be effective. Partnership is also normally associated with a range of supporting HRM practices, including agreements concerning job security and flexibility. Finally, partnership is primarily concerned with the dynamics of workplace relations at the individual employer or workplace level (see Johnstone et al. 2009).

The focus at the employer or workplace level means partnership remains distinct from continental European social partnership (Hyman 2005). Partnership, as an approach to industrial relations, is also distinct from partnership as a form of ownership associated with cooperatives and employee-owned enterprises such as the John Lewis Partnership in the UK. As a result, distinguishing between partnership and non-partnership can be difficult. One option is to be guided by how organisations themselves describe their approach to industrial relations. Some officially espouse a partnership model and develop a formal agreement reflecting many of the principles outlined above, though in reality, the agreements can be quite vague (Samuel and Bacon 2010) and reveal little about the nature of industrial relations on a day-to-day basis. Conversely, some organisations are reluctant to use the language of partnership or to sign a formal agreement but demonstrate many of the characteristics of partnership models (Johnstone et al. 2009, 2011). A further ambiguity is whether partnership requires trade unions or whether it can describe an approach in non-union organisations through a non-union employee representative (NER) body (Cathcart 2014; Johnstone et al. 2010, Johnstone and Wilkinson, 2014). A more inclusive definition suggests we cannot rule out the possibility of both *de facto* and *de jure* partnerships, or union and non-union partnerships, without first examining the empirical evidence (Ackers et al. 2005).

Despite the conceptual ambiguity, partnership approaches to industrial relations have attracted extensive attention in recent decades in countries including the UK, Ireland, the USA, Australia and New Zealand. In the USA, this builds upon long-standing debates regarding the potential economic and productivity benefits of union–management cooperation as well as concerns with mutual gains and high-performance work systems (Appelbaum and Batt 1994; Freeman and Medoff 1984; Hirsch 2004; Kochan et al. 1986; Kochan and Osterman 1994). In the UK, partnership has been central to a lively union revitalisation debate in the 1990s, often presented as a choice for unions between ‘moderation and militancy’ (Kelly 1996). However, it was the election of New Labour in 1997 that put partnership firmly in the British policy limelight. Partnership was popularised in Ireland following a national social partnership programme introduced in 1987, and promoted in the 1990s as part of the ‘Partnership 2000’ agenda which encouraged employers and trade unions

to introduce cooperative arrangements at the workplace level (Roche and Teague 2014; Teague and Donaghey 2015). In Australia, partnership was promoted as part of ‘best practice’ through the Australian Best Practice Demonstration Program established by the Labour government in the early 1990s, and also reappeared briefly under the Gillard government in 2010 (Macneil et al. 2011). Policy interest in partnership has also waxed and waned in New Zealand, especially in the public sector (Macneil et al. 2011).

For partnership advocates, partnership is in the best interest of employers, employees, unions and governments. For beleaguered trade unions, and especially where state support is lacking, partnership offers unions a way of winning the support of employers and repositioning themselves as part of the solution to positive employment relations and business success, rather than as a thorn in management’s side (Ackers and Payne 1998). For employers, partnership offers a more strategic approach to employment relations and potentially greater workforce cooperation, less conflict, greater employee commitment, increased productivity and the ability to facilitate organisational change. Employees are also argued to prefer a collaborative partnership style compared with more adversarial relations, and stand to benefit from higher levels of job satisfaction, greater voice, improved work–life balance, less stress and greater autonomy. Finally, for governments, partnership offers the promise of enhanced organisational productivity and less industrial relations conflict (Johnstone 2015; Stuart and Martinez-Lucio 2005; Whyman and Petrescu 2014).

The reality of partnership is less clear cut. The most optimistic assessments come from pluralists who view partnership as a ‘neo-pluralist’ approach which continues to accept a collective tension in the employment relationship but also stresses the potential for accommodation and compromise through proactive partnership approaches (Ackers 2014; Johnstone 2015). Different forms of pluralism are believed to be possible, and for optimists, there is an opportunity to shift from legalistic ‘constitutional’ or opportunistic ‘standard modern’ pluralism towards a more consultative partnership-style pluralism (Purcell and Sisson 1983). Some industrial relations pluralists are less sanguine and express concerns regarding the voluntary rather than legally binding nature of

arrangements. While partnership is not quite impossible, even 'good' employers might be tempted to renege on their promises (Simms 2015). These concerns are shared in a forceful radical critique which argues that the inevitability of workplace conflict and the fundamental inequalities upon which capitalism is based simply leave little potential for constructive or cooperative bargaining processes (Thompson 2003). For radicals, cooperation is at best a veneer for the incorporation and reinforcement of inequality, and resistance and militancy are more appropriate strategies (Danford et al. 2014; Gall 2008; Kelly 1996).

The research evidence is similarly mixed (see Johnstone et al. 2009; Wilkinson et al. 2014b), and again, three main perspectives can be identified in the literature. Optimists suggest employees, unions and employers all stand to benefit from partnership (Kochan and Osterman 1994). Pessimists suggest that workers and unions are likely to gain little if anything from partnership, especially in terms of labour outcomes such as working hours, pay levels or job security (Kelly 2004). It is also argued that partnership might weaken union influence and constrain their ability to represent and defend the interests of members (Gall 2008; Upchurch et al. 2008). The 'constrained mutuality' perspective is more nuanced, identifying not only gains such as improved consultation, access to senior decision-makers and greater union legitimacy, but also potential risks and challenges such as demonstrating the benefits of partnership to members (Glover et al. 2014; Johnstone et al. 2010; Samuel 2014). Employers also normally retain the upper hand as a result of such arrangements (Guest and Peccei 2001), and the right to make the final decisions (Johnstone et al. 2010). Adherents to this perspective suggest that partnership outcomes are not as black as white as the polarised conceptual debates suggest, and outcomes are contingent on a range of factors. Even those who are mostly optimistic recognise that partnership is difficult in lightly regulated liberal market economies which encourage a managerial focus on short-term financial results; perhaps it is asking too much of employers and unions to develop and sustain long-term partnership arrangements based on goodwill, without more robust institutional incentives and statutory intervention (Dobbins 2010; Johnstone 2015; Samuel and Bacon 2010; Simms 2015).

The Varieties of Capitalism debate has been influential in industrial relations research (Hall and Soskice 2001), but an important weakness is that it fails to fully explain the diversity of practice or management and union action within particular institutional contexts and economies (Wilkinson and Wood 2011; Wilkinson et al. 2014c), and the partnership debate illustrates this incongruence. An international study of airlines, for example, reveals instances of union avoidance, accommodation and partnership. The authors identify multiple approaches to the management of the employment relationship both within and between different liberal market economies. The starkest international comparison is perhaps between the low-cost Irish airline Ryanair, known for its vigorous anti-union approach, and the US-based low-cost carrier Southwest, which has developed a partnership with unions as part of a high-commitment model in an environment where private sector union density is very low (Bamber et al. 2009). This suggests a need to avoid becoming locked into deterministic accounts, to explain diversity where we might anticipate similarity, and to explore partnerships which have developed in institutional environments believed to be inhospitable to such arrangements (Heery, 2002). Within unionised contexts, why do some employers retain relationships based on accommodation, while others attempt to transform relations around a partnership model? Why have Ryanair and Southwest taken such different paths? The evidence suggests that often the catalyst has been an organisational crisis, a desire to drive organisational change or to implement wider HRM initiatives, the support of a new management team, or deteriorating employment relations. Often, it is likely to be a particular constellation of the above. Other factors that might induce partnership at the workplace level include a quality-driven strategy, supportive union actors, high union density and a complementary human resource (HR) system (Bélanger and Edwards 2007; Dobbins 2010).

While partnership has attracted an extensive literature, some important limitations of the existing research can be identified (Johnstone et al. 2009). Firstly, there is a shortage of longitudinal case study research; much of the existing research tends to provide only a snapshot of partnership at a particular point in time. Longitudinal studies are valuable in identifying the rationale and motives for partnership, and in tracing the complex

processes of partnership over time and as they occur in a particular workplace context. This is important if we are to understand more about partnership as a process rather than just as the content of agreements or the raw outcomes, useful as these are (Glover et al. 2014). Secondly, there is a need to consider wider partnership debates internationally in order to make sense of the role of the macro-political and social-political contexts. Often, comparisons are made between liberal market economies like the UK and exemplars of the European social model such as Germany. While such analyses between dissimilar contexts and experiences are helpful, there is also value in drawing comparisons between countries with more similar economies, traditions and cultures (Strauss 1998). A key criticism of partnership is that it may work in coordinated market economies such as Sweden and Germany, but that financialisation and short-termism render partnership problematic in liberal market economies (Simms 2015; Terry 2003). Nevertheless, partnership has attracted policy and employer interest across liberal market economies, including the UK, Ireland, the USA, Australia and New Zealand, and all share institutional similarities, including primarily market-based coordination, workplace-level bargaining, an emphasis on managerial prerogative and increasingly marginalised trade unions (Bamber et al. 2016). It is therefore useful to compare the experiences of partnership in these countries. Finally, as many workplaces no longer recognise trade unions, modern pluralism is characterised by a mix of union, non-union and hybrid arrangements, and research needs to reflect this reality. More research on non-union partnership is therefore needed (Johnstone et al. 2010). This book aims to begin to address some of these limitations.

Structure of the Book

The focus of the book is upon the development of workplace partnership across a range of liberal market economies: the UK, Ireland, the USA, Australia and New Zealand. The chapters provide a critical assessment of the main debates around workplace partnership at a national public policy level and five detailed workplace case studies of partnership in practice. All case studies explore partnership over an extended period of

time, and the case selection includes both union and non-union examples. In this collection we thus bring together conceptual debates, a review of developments in each national institutional context, as well as one in-depth workplace case study from each country. Each chapter is written by authorities in that area. We hope that by bringing the above issues together in one cohesive collection the book will be useful to students and lecturers of employment relations, HRM and the sociology of work, as well as to others with an interest in work and employment studies.

Part I: Conceptual Debates

The book opens with Part I, *Conceptual Debates*, which explores the theoretical arguments for and against partnership approaches focusing primarily on the UK where many of these debates have taken place. Partnership has divided opinion, especially between adherents of pluralist and radical perspectives. For pluralists, strong workplace institutions are needed to mediate and reconcile different interests, and the key challenge is the regulation of employment and effective representation of competing interests. Trade unions and collective bargaining have normally been assumed to be the natural solution to these problems, but emerging neo-pluralist positions stress the potential—or indeed need—to shift from the ‘arms-length adversarialism’ of classic pluralism towards more proactive partnership approaches in neoliberal economies (Ackers 2002, 2014; Boxall and Haynes 1997).

Jimmy Donaghey opens by presenting the pluralist case for partnership. Donaghey suggests that partnership can be viewed as an attempt to develop social democratic-type industrial citizenship similar to many continental European models, but within the constraints of the voluntarist employment relations systems of liberal economies and wider influences of globalisation. The chapter acknowledges that partnership may be a weaker form of representation than adversarial collective bargaining, and may not work in all cases. Nevertheless, it is argued that partnership still has some merit, and that in some cases the alternative to partnership is likely to be no representation whatsoever. While many critics highlight the lack of strong institutional and legislative supports as a weakness of partnership in voluntarist liberal market economies, Donaghey suggests

that such support is unlikely to be forthcoming, and even if it was, it would be difficult to implement these approaches in countries such as the UK and Ireland.

In direct contrast, Andrew Danford and Mike Richardson outline the radical case against partnership. They argue that partnership represents a form of union incorporation and advocate a more militant form of unionism, preferring strategies such as organising as an alternative to partnership. They stress the challenging environment for unions across a range of metrics and suggest that employer opposition and anti-union sentiments remain a key problem. They also note how a rise in cooperative relations between management and unions has coincided with continuing membership decline and suggest that this is consistent with broader labour history. The authors contend that contemporary and historical examples of partnership and cooperation confirm a long record of failure, and call for more oppositional union strategies and a rank-and-file union organisation that contests the inequities of neoliberal workplace reform.

Part II: National Contexts

Having set the conceptual scene, the book moves on to consider the extent to which individual country contexts help or hinder the development of partnership at work. In Part II, *National Contexts*, we assess the institutional context of five nations where, to varying degrees, partnership debates have taken place but also where the environment might be considered inhospitable to partnership. The selection of countries—the UK, Ireland, the USA, Australia and New Zealand—provides an opportunity to compare institutional developments across a range of nations with important variations in legislation, HRM practices and union representation but also many similarities in business, political and sociocultural institutions (Gollan et al. 2014). Given this emphasis on ‘most similar’ comparative case design (Strauss 1998), countries such as Germany are excluded from this particular collection.

Stewart Johnstone opens the debate on national institutions with the search for positive employment relations in the context of the UK. He suggests

that, depending on our definition, notions of partnership have a long history in Britain, with various policy discussions and experiments with pluralist employee participation throughout the nineteenth and twentieth century. However, the main British partnership debate has its roots in the election of a New Right Conservative government unsympathetic to unions between 1979 and 1997 and the election of the New Labour government in 1997, for whom partnership represented a modern form of pluralism. Despite the enthusiasm evident during the government's first term of office (1997–2001), partnership appeared to lose public policy momentum in the first few years of the new millennium. For many commentators, the failure to repeal Conservative legislation and the lack of government interest in the European Union (EU) information and consultation regulations were evidence that the government was not really committed to the pluralist partnership project. While both the public policy mood and state policy have been fickle, employers have been characteristically pragmatic, with many of the original partnership agreements appearing to have survived the test of time. Though the language of partnership is now somewhat dated, new agreements continue to be signed, and in some cases, have been absorbed as part of more fashionable 'employee engagement' efforts.

Tony Dundon and Tony Dobbins then present evidence from Ireland and note the promotion of national-level social partnership between 1987 and 2009, together with an aim of diffusing workplace partnership at the enterprise level. In contrast to the UK, tripartite bargained consensus at a national level—with governments, employers and unions acting as 'partners'—was viewed as a precursor to developing effective workplace partnerships. The authors argue, however, that the combination of industrial relations voluntarism and neoliberal market forces mean collaborative employment relations inevitably remain highly vulnerable in Ireland. As a result, they suggest that the outlook for workplace partnership is bleak given a neoliberal regime which prioritises the economic goals of capital accumulation above all else, and where the state and employers are increasingly offloading risk to employees in the form of insecure work incompatible with sustainable workplace partnership.

Adrienne Eaton, Joel Cutcher-Gershenfeld and Saul Rubenstein then review developments in the USA and evaluate various policy initiatives, as

well as early examples of labour–management partnership. They suggest that the current context for partnership remains unfriendly in almost all ways, with declining union representation, state-level initiatives aimed at undermining unions, job losses, disagreement within unions and a lack of federal or state encouragement of labour management partnership. Many experiments with partnership have not been sustained, and while there are ‘islands of success’, these are believed to function in spite of the system rather than because of it. The authors argue that the development of partnership would require, among other things, state and national leaders who openly embrace partnership, as well as initiatives by employers and unions to promote partnership as an effective form of employee representation. Overall, they conclude that partnership will not flourish in the USA without strong public policy and institutional support and the development of new representational forms that represent a substantial amount of the workforce.

Cathy Xu, Glenn Patmore and Paul Gollan then present the case of Australia, with a particular focus upon the legislative context and the extent to which it has helped or hindered the spread of workplace partnership. Similar to the UK and Ireland, there have been some debates concerning the possibility of transporting continental European partnership models to Australia, where conflictual industrial relations are a significant part of the system. Motivations for this interest are believed to include a challenging environment for Australian unions and workers, with intensified competition, restructuring, privatisation and downsizing. The authors also consider the impact of the 2009 Fair Work Act (FWA) and the extent to which it mirrors European developments around information and consultation. They suggest that partnership offers the potential to attempt to address tensions around competitiveness, job security and flexibility. However challenges remain, including the narrow nature of the FWA model of joint consultation and the need for an attitudinal change in all actors.

Helen Delaney and Nigel Haworth then present our final country-level analysis in the context of New Zealand. They identify three broad phases in the development of industrial relations in New Zealand, and

note how the arbitration route became the dominant employment relations mechanism. At the same time, however, it is suggested that alongside formal bargaining processes, employer paternalism was also an important characteristic. The authors identify the period 1984–1997 as a time of neoliberal reform, with trade union voices marginalised and collective voice eroded as business interests and competitiveness were to take centre stage. Nevertheless, there was also some interest in workplace reform and partnership-type activity, especially by the Public Service Association (PSA) union, which became a driving force for partnership in the public sector. Other developments include the activities of Workplace New Zealand (WPNZ) in the 1990s and discussions around ‘modern’ trade unionism. Similar to the UK, the Labour-led governments of 1998–2008 appeared to offer a more promising political and legislative climate for partnership at work, but support has evaporated since the election of three successive national-level governments with little interest in partnership. The authors conclude that the context for partnership in New Zealand is not fertile due to limited government and employer interest, beyond some exceptional examples, and trade unions not sharing a common view.

Part III: Partnership Cases

This leads us to the final part, *Partnership Cases*, where we explore workplace-level experiments with partnership across each of the five nations. Each case offers a detailed longitudinal analysis of the development of partnership over an extended period of time.

Jonathan Hoskin, Stewart Johnstone and Peter Ackers present a case of partnership in the UK in the context of PowerCo, a large employer in the utility sector. They suggest that while liberal market economies are typically considered to provide an inhospitable environment for the development of meaningful or sustainable partnership, several organisational characteristics provide some support for partnership working. These include the provision of highly skilled and long-term employment in a stable market place, high trade union density, as well as support from the industry regulator and Health and Safety Executive for a partnership

approach to industrial relations. Partnership was partly born out of adversarial relations in the 1990s, but it was a major incident at the turn of the century that prompted an effort to change working practices and cultural attitudes. The authors conclude that though all sides have made an effort to make partnership work at PowerCo, success has been partial, with relations oscillating between cooperative and antagonistic. Partnership remains an aspiration even it has not always been straightforward.

Tony Dundon and Tony Dobbins then present a case from Aughinish Alumina, an alumina refinery in Ireland. The case is often considered to represent a 'best practice' or robust model of partnership, and like PowerCo, this has been attributed to the plant's relative insulation from external market forces, as well as management's commitment to balance efficiency with other concerns such as equity and employee voice. Cooperative relations remain in place in the organisation despite competitive pressures. A rare confluence of external and internal conditions is believed to have underpinned cooperation, including relative insulation from market pressures, continuity in top management and union support, internal institutionalisation of cooperation and continuous process technology. The authors conclude that the case represents a rare example of enduring firm-level pluralist cooperation, in contrast to wider developments in Ireland where voluntary partnerships have often not survived.

Thomas Kochan then provides a case study of the labour–management partnership at Kaiser Permanente, a US healthcare organisation, over the period 1997–2013. The partnership is large and complex, covering over 100,000 employees, 10 national unions and 26 local unions, and as such is the largest and most comprehensive labour–management partnership in American history. As is common with voluntary workplace partnership, the arrangement was again born out of crisis. Kochan is optimistic, noting how the labour–management partnership has endured for 18 years and has demonstrated the resilience to survive despite a range of challenges. He also reveals how it has delivered significant evidence of mutual gains, improving both industrial relations and organisational performance.

Dhara Shah, Cathy Xu, Paul Gollan and Adrian Wilkinson present a relatively unusual case study of non-union partnership at the Suncorp Group in Australia. Suncorp is one of a small number of large firms with a relatively formal and established NER structure—the Suncorp Group

Employee Council. SGENC is a unique NER arrangement representing Suncorp employees through an entity which is different from both the works council and Joint Consultative Committee models. The representative arrangement has evolved over the years, forming workplace partnership with Suncorp management for employee information sharing and consultation as well as for handling employment relations issues through the division of responsibilities between the HR managers and SGENC. In the context of Australia, where union density has reached its historical low and non-union workplaces are now dominant, Suncorp offers valuable insights into an enduring labour–management partnership within a non-union organisational setting.

Our final case study, by Helen Delaney and Nigel Haworth, is of one of New Zealand's largest companies. Formed in 2001, Fonterra brought together three competing dairy operations. The partnership has its roots in developments in the 1990s where union and management were interested in working together to deliver a high-performance work system in the Whareroa plant, and partnership was to be central to the subsequent Manufacturing Excellence programme. The case demonstrates some benefits of partnership such as improved productivity and performance, union influence and visibility, and improvements in the quality of the work, involvement and upskilling. At the same time, partnership involved a precarious struggle for power and control among actors that may, at times, undermine the ethos of partnership.

In some ways, it is hard not to be pessimistic about the prospects for partnership in liberal market economies, and many commentators suggest partnership is unlikely to thrive in the cultural and institutional context of the five countries which form the focus of this volume. Partnership continues to divide opinion, to mean different things to different people and to be operationalised in different ways. In turn, this creates difficulties in setting expectations or agreeing on benchmarks for success. As Donaghey notes in Chap. 2, the emphasis on consultation is often welcomed by pluralists who view this as an important part of employee voice, and certainly preferable to unilateral management decision-making, but criticised by radicals such as Danford and Richardson in Chap. 3 on the grounds that it does little to address the fundamental inequalities in society and may simply reinforce the status quo.

In countries like the UK, Ireland, the USA, Australia and New Zealand, it is primarily up to employers and unions to do the heavy lifting in terms of initiating and sustaining a partnership model. This might explain why partnership is rare in these economies as it requires particular circumstances to develop and sustain. Yet somewhat against the odds, islands of partnership can survive in particular contexts, as many of our cases reveal. Where actors have come together and invested great energy in improving industrial relations, it is unsurprising they are keen to make it work. Partnership does appear to provide a valuable model which can work in certain contexts. Partnership also returns attention to the industrial relations concerns of collective employee representation, at a time when representation is shrinking, trade unions are increasingly marginalised and the HR profession is concerned with more fashionable issues. As the cases in our collection reveal, a different kind of pluralism is possible. This is not to suggest that partnership is easy, universal or an off-the-shelf solution to all ills; all the chapters reveal that partnership is difficult. But it would be short-sighted and overly deterministic to dismiss partnership as inevitably doomed. With the appropriate support, partnership can seemingly deliver mutual gains and lubricate workplace relations even with limited institutional supports. Its long-term reach might be far wider should the enthusiasm and support of unions, employers and governments be forthcoming. The search for positive employment relations is unlikely to go away, and it is hoped this collection will stimulate the debate.

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2

Trojan Horse or Tactic? The Case for Partnership

Jimmy Donaghey

The debates about partnership have been present in the employment relations literature for about 20 years and continue to divide scholars. While the concept has divided academic opinion greatly, with some (mainly radical scholars) arguing that partnership is merely the latest in a long series of mechanisms aimed at bringing about union incorporation into the managerial agenda, others (generally of a pluralist perspective) have argued that partnership has presented a new mechanism through which unions can operate. While the academic debate goes on, partnership approaches are a significant phenomenon, with estimates of 8–10 % of workplaces in the UK, for example, displaying the model (Bacon and Samuel 2009; Whyman and Petrescu 2014). The purpose of this chapter is primarily to evaluate the arguments for partnership from a pluralist perspective. In particular, this chapter will develop an argument, mainly using the evidence from the UK and Ireland, that partnership can be

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viewed as an attempt to develop social democratic–type industrial citizenship, similar to the continental “social dialogue” approach but within the constraints of the voluntarist employment relations systems of liberal economies and globalisation. The chapter then concludes by arguing that within liberal economies, legally mandated institutional supports are unlikely, but nevertheless, partnership is a worthwhile initiative in the right contextual circumstances.

The Ideology of Partnership: Social Democratic Industrial Citizenship in a Voluntarist Context

The debate on partnership often carries with it an implicit, rather than explicit, political understanding of industrial relations (however, see Ackers and Payne 1998 and Kelly 1999 for exceptions). More positive accounts can generally be associated with a social democratic worldview and more negative approaches generally with having a Marxist approach. Using Hyman’s (2001) terms, partnership is much more akin to orienting between market and society rather than seeking a class-based orientation. The social democratic approach to trade unionism has generally been the dominant approach in much of continental Europe. An important component of the social democratic approach is that of *industrial citizenship*, that is, partnership should be thought of as a mechanism of viewing workers, as well as shareholders, as being part of the community of the organisation (Marshall 1964). As such, corporatist-style national- or sector-level wage bargaining was complemented by legally mandated mechanisms of worker participation at the firm level, generally in the form of works councils. Streeck (1997: 644) highlights this in stating:

Rights of industrial citizenship take different forms in different countries. But in most European welfare states, they have come to include rights to collective participation of workforces at their place of employment, through information, consultation and co-decision-making, together with corresponding obligations of employers to respect such rights and enable their effective use.

Without doubt, fostering partnership was a key area of public policy concern in Ireland and the UK for a decade from the mid-late 1990s. While there have been examples of partnership in the USA and Australia, the phenomenon was much more oriented at the organisational level alone. In both the UK and Ireland, a considerable degree of policy attention shifted onto the development of enterprise-level partnership—to an extent, from a social democratic ideological perspective in the two countries. Both economies developed from a common ancestor and share many institutional features, voluntarist industrial relations with low levels of industrial relations regulation, a tradition of craft and general unions—and unlike many continental European economies, had a lack of legally mandated systems for representative employee voice. However, as will be developed below, while partnership was somewhat of a priority in both countries, significant differences existed between the context and the practices developed in the two countries.

In the UK, partnership evolved from defensive trade unionism under the Thatcher years alongside the Trades Union Congress (TUC) shift towards European-style social democracy, particularly post Jacques Delors' famous speech to the TUC in 1988. In the 1990s, when Tony Blair took over as Labour leader (in 1994), it became clear that there would not be a wholesale reversal of the Thatcher and Major Conservative governments trade union constraining legislation. Blair's "Third Way" approach also reinforced this shift in the UK Labour party to European-style social democracy. Ackers and Payne (1998) develop this linkage between partnership and Third Way thinking. In particular, they stress that partnership, rather than being unitarist in approach, could be part of a new ethically based settlement, with labour and capital operating to each other's mutual benefit. Bacon and Samuel (2009; Samuel and Bacon 2010) also associate partnership with Third Way thinking in that partnership is built upon a voluntarist approach where public policy encourages partnership approaches through soft regulation rather than through mandating European-style participation.

However, within the UK, historically even those who came from explicitly social democratic perspectives such as the Webbs, Clegg and Flanders were reluctant to advocate legally mandated systems of Joint Consultation or similar (Ackers 2007). Rather than this, a more laissez-faire and voluntarist approach of firm-level collective bargaining with joint regulation, under-

pinned by legal rights as a floor to this, was generally the approach in the UK. While this approach proved relatively unchallenged in the UK, the election of the Thatcher-led Conservative government in 1979 greatly shook these foundations. By the time the Labour government had come to power in 1997, the industrial relations landscape had been altered beyond recognition. Four changes had occurred in the previous 18 years that altered the approach of unions in the UK. Firstly, in a series of Acts of Parliament, the Thatcher governments had introduced a series of constraints on industrial action, union ballots and pickets which greatly reduced the collective bargaining power of unions. Secondly, the UK economy had undergone a vast and radical restructuring which reduced the number of generally unionised public sector employees through privatisation and also the economy had undergone a significant shift away from primary and secondary industries towards the tertiary sector. Thirdly, the 1980s and 1990s were periods of intense opening up of economies to international competition. Finally, having been out of power for 18 years and having suffered four successive election defeats, the British Labour party, under the leadership of John Smith but particularly Tony Blair, re-branded itself as New Labour and deliberately set out to distance itself from unions. With the exception of introducing a statutory union recognition procedure, the New Labour government in 1997 pledged not to reverse the Conservative's constraining legislation or greatly increase the power of unions.

In the Republic of Ireland, the context differed significantly. At the height of a deep depression, in 1987, the Irish Congress of Trade Unions, the Federated Union of Employers and the Government came together to establish a system of triennial national wage bargaining that was viewed as an attempt to pull the country back from the economic abyss (Teague and Donaghey 2009, 2015). Viewed as a success, by the mid-1990s, the national system of "Social Partnership" expanded to include an increased range of areas of economic, social and employment policies. However, the system was labelled as "truncated partnership" by Roche (1997) on the basis that it did not extend in a meaningful way to the level of the organisation: It was becoming increasingly apparent that social partnership had been acting as a national framework for wage determination and economic management but with little or no impact on industrial relations at the level of the firm (Teague 1995; Roche 1997; Gunnigle 1998). The northern European economies of Germany, the Netherlands and Scandinavia have a well-established system of mandatory works councils which allow for varying degrees of industrial

democracy (see Rogers and Streeck 1995) operating alongside national/sectoral pay deals. These type of works councils were never seriously considered by policy-makers in Ireland. However, establishing “deep” forms of employee involvement in the decision-making process in enterprises to go alongside centralised wage restraint remained an important demand of trade unions. Despite aspirations in the actual agreements from 1993 to encourage enterprise partnership, by 1996, it became apparent that a greater level of commitment was needed in order to promote enterprise partnership. As such, in the late 1990s, the Irish government launched the National Centre for Partnership, under the overarching umbrella of national social partnership (see Roche and Teague 2014).

A substantive difference between the emergence of partnership in the UK and Ireland is that in Ireland the initiative was viewed as part of a tripartite initiative to replicate a continental European style of social partnership but within a voluntarist context. On the other hand, in the UK, partnership was very much driven as a mechanism for unions to revive. Yet, both followed similar paths of establishing supportive public frameworks but not going as far as introducing legislative changes. In fact, both governments were to the forefront in trying to weaken the effect of the European Union’s (EU) Information and Consultation Directive (Dundon et al. 2014). A similar public policy approach has been identified with the return to power of the Labour Party in New Zealand after 2005 (Townsend et al. 2013). As such, within voluntarist/liberal economies where mandatory mechanisms for worker involvement and participation are not enshrined in law, partnership is sometimes viewed as a mechanism through which the interests of different stakeholders in the firm can be recognised (Kochan and Rubinstein 2000). A key point here and consistent with the pluralist frame of reference is that a citizenship approach assumes a citizenry composed of a plurality of interests and groups (Clegg 1975).

Partnership: Opponents and Advocates

The Radical Critique

The partnership debate in the UK and Ireland has been typified by two general “camps”. The first, and dealt with in detail in another chapter 3 in this volume, is the radical approach which views partnership as the

latest form of union incorporation. This approach argues that member mobilisation through a more militant form of union action, and in particular through the use of union organising, is preferable to partnership. The second is a group of scholars who view partnership as a sophisticated method of worker voice which, dependent on various contextual contingencies, may or may not lead to a levelling of the balance of the field.

The early antecedents of this debate are to be found in *a priori* pieces by John Kelly (1996) and Peter Ackers and Jonathan Payne (1998), both of which were thought pieces from quite explicit ideological positions rather than necessarily empirically focused. For Kelly, partnership was a natural successor to the union “no strike” agreements of the 1980s, which were viewed as a mechanism of union suppression. Kelly (1996) famously argued “it’s difficult, if not impossible, to achieve a partnership with a party who would prefer that you didn’t exist”. The incorporation approach is based on the argument that trade unions should not become involved with methods which are aimed at consolidating the role of capitalist enterprises. Without doubt, partnership is not a system which challenges the ownership structure of organisations and at no point seeks to do so.

Empirically, the main radical critiques of partnership are to be found in the work of Kelly (2004) and a series of pieces by Danford and colleagues. Kelly (2004) argued that in terms of job security, pay increases and union membership, workers in firms with partnership fared worse than workers in firms which recognised unions but were non-partnership firms. Interestingly, Kelly did not compare how workers in firms without a recognised union fared. Critics of partnership have generally juxtaposed partnership and organising, with organising held up as being a superior form of union action. Badigannavar and Kelly (2011) argue that organising, while not promoting better relationships with management, led to a stronger context for meaningful collective bargaining through its focus on strengthening unions for mobilisation. Heery (2002) rejects such a simplistic approach and argues that partnership and organising can be mutually reinforcing as well as being contingent on contextual circumstances. The second major tranche of the critical approach is associated with a group of scholars associated with the University of the West of England (Danford et al. 2014, 2004, 2005, 2008; Upchurch et al. 2006). This study focused on the High-Performance Work Systems (HPWS)

paradigm, with which partnership is often associated and adopted a critical labour process lens. These authors argued that partnership was used by management as a mechanism through which they could get union consent to intensify work without material gains for workers; voice was from a purely managerial conception of it; it led to an increase in managerial control, and the HPWS decreased measures of worker well-being. In summary, the radical approach to partnership is built upon the argument that partnership is a tool which is used by management to institutionalise union incorporation, and management use this incorporation as a mechanism to have union consent to bring about a deterioration in the work condition. It is also built on an assumption that unions have the organisational and institutional capacity to make a clear choice between organising and partnership.

Partnership from a Pluralist Perspective

While on one level the radical approach is quite intuitively attractive in that it dismisses partnership as inferior to the collective bargaining model, the pluralist approach addresses the issue from a different direction. The pluralist approach recognises that the steady decrease in collective bargaining continues and that some form of voice mechanism which represents the interests of workers is generally better than none (Ackers et al. 2005; Charlwood and Terry 2007). Within the UK context, the starting point is generally taken as Ackers and Payne's (1998) agenda for partnership, which viewed partnership as providing unions with the opportunity to establish themselves as a useful but also an ethical actor within the employment relationship as New Labour came to power. Ackers and Payne highlighted that unlike many earlier forms of employee involvement and participation, partnership explicitly recognises two key interrelated issues which differentiate it from more managerialist voice approaches. Firstly, partnership is built on a recognition of divergent interests of workers and management; secondly, it is built upon a collective approach to voice rather than to facilitate direct participation.

The notion of industrial democracy (Webb and Webb 1897) underpins much of the pluralist approach to partnership. Despite the title, the

approach of the Webbs was a constrained, economistic view of trade unions as actors within the enterprise whose function was job regulation. Kaufman (2000) highlights four key components underscoring the industrial democracy approach: democratic methods for worker participation in decision-making; “rule by men”, that is, those within the organisation can hold those in authority to account; due process to be followed in disputes; and finally a balance in power between the employer and workers through collective organisation. In terms of implementation, the industrial democracy approach shows a clear preference for negotiated agreements between workers and management, rather than rights acquired through legally mandated instruments (Ackers 2007). This builds upon an assumption that collective agreements are embedded in an institutional context where the state guarantees minimum rights such as the rule of law and legally enforceable contracts.

In the partnership debate, there has been to some extent a divide between those who define partnership as when a formal partnership agreement exists (e.g. Kelly 2004; Bacon and Samuel 2009) and those who argue partnership should be defined as a process or pattern of practices where methods of interaction between parties are used to determine the existence of a partnership (e.g. Johnstone et al. 2009). In many ways, for a true partnership to exist, it is necessary to have both. However, partnership practices can exist and be beneficial without there necessarily being an explicit declaration of a partnership. Thus, to a large extent, partnership needs to be viewed as a formal declaration of its existence and should also exhibit the practices associated with a collaborative approach. I will use six main principles of partnership that differentiate it from other industrial relations practices—collaborative relationships, representative voice, commitment to business success, problem-solving, mutual gains and voluntarism—and which when combined provide a realistic approach to developing a partnership approach to industrial relations.

Collaboration

As outlined above, debates about partnership have generally been one of adversarialism versus collaboration. Globalisation is viewed by those in favour of collaboration to have changed the perimeters within which

collaboration takes place: In particular, intensified competition places pressures that mean productivity increases which can only occur in a collaborative environment are necessary (Wright 2000). Wright (2000: 958) argues strongly for class compromise in stating:

The premise of the analysis is that so long as capitalism in one form or another is the only historically available way of organizing an economy, a positive class compromise—if it is achievable—will generally constitute the most advantageous context for the improvement of the material interests and life circumstances of ordinary people.

A key feature of this issue is whether gains are positive-sum gains or zero-sum games. In this regard, radical writers have generally been highly dismissive of the potential of collaboration to deliver meaningful gains for workers and have argued, with a strong undercurrent of zero-sum games, that partnership has generally meant moderate unions who fail to deliver for workers and management who take advantage of such moderation. Kelly (2004) using a series of matched case studies argues that in terms of job security and pay, workers in partnership organisations fared worse than those workers where the union adopted an adversarial approach. Hyman (2004) argues that partnership and collaboration should be a key element of union strategy but that partnerships should be with other workers and unions, not at the expense of other workers through increased competitiveness.

In many ways, the divide drawn by radical scholars of partnership is an overly Manichean approach and one which stresses the exception of conflict over the norm of compromise and collaboration. Hyman (1989) himself recognised that for much of the time even radical unions adopted frequent compromises. Stuart and Lucio-Martinez's (2002) study of Manufacturing, Science and Finance Union (MSF) workplace representatives highlighted that trade unionists were not "inherently antagonistic" towards the idea of partnership but viewed it in much more pragmatic terms in line with its ability to advance their interests. However, their findings also highlight that these unionists believed that management was not as committed to "employment security" as unions. Edwards et al. (2006) develop a conceptual model where they highlight that trade-offs in terms

of control and development are key to understanding when cooperation is desirable. As such, the parties take a decision as to what is in their long- and short-term best interests. A collaborative approach in the context of partnership can be achieved in one of two ways. The first is that the parties, recognising each other's interests may be to some extent divergent, reach a compromise. The second is that the solution to a given problem may be mutually beneficial as outlined below. Unfortunately, much of the research into mutual gains is based on quantitative studies and more case-based research is necessary to understand whether collaboration is on the basis of compromise or a genuinely mutually beneficial outcome.

Commitment to Business Success

The partnership approach is one which is built upon an assumption that business success is generally a positive feature for workers: without continued success in the organisation, the future of employment can become precarious. Yet the short-term nature of liberal economies is viewed as placing constraints on the ability of employers to make long-term commitments (Thompson 2003). In particular, pressure on corporations to deliver dividends and the likes for shareholders is the prime concern for management rather than the long-term interests of workers. Kochan and Rubinstein (2000) highlight how the Saturn partnership developed a more stakeholder-driven model where control was effectively devolved to workers for many day-to-day operational matters. The commitment to business success means a commitment to the success of both workers and shareholders. This obviously is a challenge for those with a Marxist disposition as there is an implicit acceptance of the separation of ownership of the means of production and labour.

Within such an approach, trade unions are viewed as secondary associations existing in order to represent the interests of workers with management and employers but not to actually bring about a change in the overarching nature of society, or to use Clegg's (1961) phrase "trade unions are the opposition that can never become the government". As such, the rationale of employment and industrial relations is not to challenge the

ownership and management structure but is a mechanism by which, either through persuasion or coercion, management can be brought to improve the conditions of workers. The social democratic approach which developed from industrial democracy is thus accepting of the capitalist organisation of society.

Worker Voice

Without doubt, one of the key features which differentiate partnership from previous forms of employee involvement and participation is the centrality of worker voice as a central element of partnership (Johnstone 2014). Samuel and Bacon (2010) highlight in their analysis of over 120 UK-based partnership agreements that the main focus of these agreements is procedural; in effect, partnership is a mechanism of collective, representative voice for workers. Though obviously not full collective bargaining, it can be thought of as a superior form of voice due to its representative and collective approach. While other mechanisms such as Total Quality Management, Quality Circles and Empowerment all had opportunities for employees to contribute ideas about improving organisational performance, partnership stresses that voice must be about more than just the interests of business; it should also involve the interests of workers (Ackers and Payne 1998; Teague 2005). In addition, partnership has a key emphasis on collective and indirect voice, generally through trade unions, rather than individualised mechanisms of voice (Terry 2003a). Thirty years ago, Medoff and Freeman (1984) put forward the thesis that unions exhibit two faces. Firstly, monopoly power, where unions exercise monopoly power and set wages at higher levels compared to workers operating as atomised individuals. Secondly, unions act as collective voices for workers in the organisation. While collective bargaining stresses the monopoly power face, partnership involves unions placing a key emphasis on the voice face. Although most analysis of partnership has been built on an assumption of unions being in partnership with management, some have identified examples of working partnership with non-union representatives (Dietz et al. 2005; Johnstone et al. 2010; see also Chapter 12, this volume). In this instance, partnership acts as a form of union substitution where

a non-union employee representation scheme is used as a substitute for union-based representation. Johnstone et al. (2011) conclude that in such circumstances, non-union partnership is better than no-voice mechanism for workers. While there may be radical scholars who would point out that without a substitution mechanism, workers may organise, the evidence certainly is not there to support such an argument. In fact, it is fair to say that some of the earliest advocates of the organising model have become more critical in recent times (Simms et al. 2012).

A significant debate has opened up in recent years over the meaning of voice (Morrison 2011). In particular, a number of pluralist industrial relations academics have highlighted the weaknesses of only taking a business-centred approach to voice (Wilkinson and Mowbray et al. 2015; Donaghey et al. 2011; Barry and Wilkinson 2015). Thus, a central element of the partnership approach is that voice is about the recognition that workers need to be able to raise issues in their interests, as well as using upward voice in the interests of business improvement. Sequencing of voice is important: Is voice exercised before an initial decision or as a mechanism to bring about a change in the decision? Advocates of partnership have highlighted that early engagement with worker representatives about a decision can lead to a move from being solely about efficiency to one that can take more account of equity for the workforce. Johnstone et al. (2010) highlight that a partnership approach could in certain circumstances lead to the exercise of voice which led to more equitable outcomes between management's and workers' interests. In particular, they highlight the role which partnership can play in moderating the worst effect of organisational change on employees.

Problem-Solving

A recurring feature of the literature on partnership has been its role as a problem-solving device. Teague (2005) in particular highlights this aspect of partnership. This begs the question, what is it about partnership that enables it to develop such a problem-solving approach compared with collective bargaining? Partnership as a process requires a significant shift in the way in which management and unions/worker representatives

interact. A key rationale identified in the literature has been that collective bargaining, to use Walton and McKersie's (1965) terms, is about "distributive" bargaining, whereas partnership is based around an "integrative" approach to bargaining. In many ways, a key implication of this difference is that collective bargaining is about distributing what exists compared with a process which focuses on actually creating what is to be distributed. Thus, a key difference in staging occurs. Partnership is about developing solutions to problems before decisions are made, whereas collective bargaining often involves trying to change decisions which have previously been made. An example here would be a company which is facing financial issues and is contemplating cost reductions. A partnership approach would involve working through with worker representatives on different possible solutions which could include market expansion, operational cost reduction, reduced hours, voluntary severances or pay freezes. A collective bargaining scenario is more likely to involve trying to get management to move away from redundancy or pay freezes after they have made the decision in principle or trying to mitigate these decisions by increasing redundancy payments or the likes.

Such an approach requires management to engage in what Hall and Purcell (2012) called "active consultation". Hall and Purcell conclude that active consultation is dependent on the existence of six factors. First, the ability to influence management decisions must be present, entailing that consultation takes place while these decisions are still in a formative stage. Second, both management and workers must be able to bring issues to the forum and the scope must be sufficiently wide to allow this to occur. Third, consultation must take place at all organisational levels, with senior management showing commitment to the process by attending. Fourth, consultation must be complementary to other direct and indirect organisational involvement and negotiation practices. Fifth, worker representatives must have the capacity to build capability, with the support of but independent from management, including training, time-off and the ability to communicate with their constituents. Finally, trust must be generated between the parties, up to a level that allows confidential information to be shared. Yet such an approach is not without risks, particularly to unions. While generally positive about the Barclays–Unifi partnership, Wills (2004) notes that joint union–management communications

and an appearance of management dominance can be risky for unions, though, as she notes, if unions remain vigilant, the chances of this can be significantly reduced.

Mutual Interests and Gains

Kochan and Osterman (1994) in a widely cited book put forward the thesis of the mutual gains organisation. A key point of their argument is that mutual gains organisations need to be embedded in a network of mutually reinforcing institutions to realise these mutual gains. It is important though that the concept of mutuality is not confused with that of unitarism. Unitarism is based upon an assumption that the interests of workers are shared with those of management (Fox 1974). Mutuality, on the other hand, is built upon the recognition that at times, the interests of workers and managers/owners may not be shared and common but that a common solution can be found to satisfy the interests of both (Kochan 1999). However, this divergence of interests does not necessarily mean that conflict is necessary to solve the problem. At this point, Walton and McKersie's (1965) notions of distributive and integrative bargaining become relevant again. In particular, adversarial union–management relations are built around a default position of distributive bargaining; situations at work are distributive in nature and based on zero-sum games. On the other hand, partnership is based on integrative bargaining, where parties enter into negotiations seeking to explore mutually acceptable solutions.

The idea of mutual gains has been a central argument in favour of partnership: why engage in conflict if both sides can benefit from cooperative behaviour? A key finding in early work on partnership highlighted that while workers and management may both benefit from partnership, management tended to “hold the balance of advantage” and gain more (Guest and Peccei 2001; cf. Oxenbridge and Brown 2002). Exposure to market pressures has been identified as a key feature in terms of the ability of partnership to develop mutual gains; in particular, the more exposed the business was to market pressures, the more likely that the gains would be lopsided in favour of management (Dobbins and Gunnigle 2009). Glover et al. (2014) argue that gains from partnership are not a simplistic balance

but can be divided into a hierarchy of hard gains to soft gains, where soft gains require building on hard gains. As such, “hard” issues like job security achieved through partnership provide the foundations for “softer” but nevertheless important gains such as opportunities for personal development and meaningful voice. However, the flip side of mutual gains is also important. Butler et al. (2011) highlight that partnership can be a useful tool in terms of spreading the costs of economic adjustment during economic downturns, where management and employees can use partnership as a mechanism of “sharing the pain”. They argue that having an established relationship in positive economic circumstances had a positive effect once recessionary pressures took hold.

Voluntarism

One of the most controversial aspects of the partnership model has been its voluntarist approach. Authors generally sympathetic to employee involvement and participation have highlighted the voluntarist nature of partnership as its Achilles heel (Terry 2003b; Dobbins 2010). Dobbins (2010) argues that the lack of what Streeck has labelled “beneficial constraints” has led to a situation where employers are insufficiently incentivised to build long-term strategic partnerships. Yet, the pluralist approach has generally been quite hostile to legislative interventions in the employment relationship (Ackers 2007). There are two broad approaches on the issue of public support for “employee participation”. The first is the human resource management perspective, which is based upon the belief that the employment relationship is a matter which should be worked out within an organisation. This perspective stresses “employee involvement” in the work process and believes that the purpose of having employees involved is to make their work systems more effective for the benefit of the company; employees are only involved when there is direct positive relationship for the company (see Barry and Wilkinson 2015 for a critique). The other perspective, the industrial democracy perspective, argues that the law needs to be used to not only oblige organisations to establish works councils or their equivalent, but also to determine their character and what they do. Thus, “indirect participation” is established

through legal means and hence the law and not the organisation determines areas which this participation can have an influence over. Lazear and Freeman (1995) argue that legal intervention is necessary to prevent opportunism and free riding. However, one of the features of partnership is that it aims to replicate neither model, maintaining an external system of public support for indirect participation yet permitting loose and malleable forms of employee involvement at the enterprise level.

In the UK, New Zealand and Ireland, for about 10 years from 1997 to 2007, the approach was one of developing a public support network for partnership as the preferred policy approach but without penalties for organisations who did not engage (see Chapters 4, 5 and 8, this volume). In the UK, the government established the Partnership at Work fund, with a budget of about £5 m to support organisations to develop a partnership approach. The TUC followed this with the establishment of the Partnership Institute in 2001. Terry (2003a, b) highlighted the role of former TUC General Secretary John Monks in arguing for partnership as a mechanism to build a more “Rhineland” style of capitalism rather than the US low commitment model. In Ireland, the National Centre for Partnership, which later became the National Centre for Partnership and Performance, was established in 1996 under the umbrella of the national social partnership framework. In Ireland neither the Irish Business and Employer Confederation nor the Irish Congress of Trade Unions wanted intervention by government on the issue of enterprise partnerships and both sides preferred to be allowed to work out a common path without government involvement. Similar to Ireland, but without the national tripartite structure, in New Zealand in 2005, the Department of Labour established the Partnership Resource Centre as a “soft-regulatory approach” (Townsend et al. 2013, 245) to develop cooperative management-labour relations. As outlined above, a number of academics have argued that partnership needs a legislative incentive to function effectively. However, whether such an approach could be adopted and not create knock on effects in other areas is questionable. A key argument in the various approaches examining national business systems, be it the Varieties of Capitalism approach, the Regulation School, or National Business Systems approach, is that systems function well when there are high levels of institutional complementarity. It is generally believed that the voluntarist approach to industrial relations is an important part of the liberal market approach (Hall and Soskice 2001). Mandatory consultation

mechanisms like the works councils approach in Germany or the Netherlands are supported through complementary institutions such as the long-term corporate governance orientation, sector level wage bargaining and the likes. Without such supporting institutions, the effectiveness of such mandatory consultation may be limited. Using Ireland as an example, a key feature of the economy has been its open economic system which is used to attract inward investment from multinationals, particularly from the USA. A significant reason that both the Irish Business and Employers Confederation and the Irish Congress of Trade Unions shied away from a legislative approach was the fear that this could be perceived as reducing the country's attractiveness for inward investment. Obviously, there is a level of conjecture here but legislative interventions are more likely to be successful where they are embedded in a wider supportive system than in isolation.

Conclusions

Partnership has undoubtedly divided scholars of industrial relations along ideological lines, with radicals vehemently opposing, and those from a social democratic perspective often broadly being in favour though not unconditionally. Over the past 20 years, there has been a plethora of evidence presented in favour of it, against it and those who adopt an intermediate/contingent approach. Partnership may be a weaker form of worker representation than adversarial collective bargaining, nevertheless it certainly has strengths. In addition, when compared with no representation, it is certainly a preferable model. With the possible exception of Ackers (2015) who argues that the model should be wholeheartedly adopted, a key argument around partnership from a pluralist perspective is that partnership may be a useful tool and it is one of many approaches which unions and management can adopt and should not be rejected out of hand (Johnstone, 2015). While the critics of partnership do present credible evidence critiquing it, the alternative they present is not so credible. Union organising has not led to a massive upswing in unions members in the USA, the UK or Australia, the three countries where it has been most to the fore. Its ability to unionise workers in previously non-union sites is questionable and often it is most effective at backfilling in locations where unions are already recognised. Such activity is not insignificant. However,

what it indicates is that the organising alternative is dependent on the prevailing circumstances. Partnership needs to be considered as part of a wide range of approaches which unions can take as Heery (2002) argues. It will not work in every context but undoubtedly there are circumstances where it has been a useful process and tactic to follow. While there has been a lot of work outlining the detailed constituent elements of partnership, two principles must exist to make it credible. On the one hand, management must be willing to devolve decision making and support devolved decisions and secondly worker/union representatives must be willing to engage in meaningful, collaboration over management's problems as well as their own. Without both of these principles, partnership initiatives will fall upon stony ground.

Partnership builds upon a social democratic approach to trade unionism where incremental augmentation is the *modus operandi*. Partnership accepts that unions will act through a norm of compromise rather than confrontation and, while recognising divergent interests, sees these as generating problems to solve rather than being an opportunity for building the union. A key feature often overlooked is that as secondary associations, unions depend not only on employers to support them through recognition, but also that the state supports their actions through public policy. The aggression against collective bargaining in the 1980s and 1990s was led by the state rather than being led by highly aggressive employers (Howell 2005). With the internationalisation of product markets, the likelihood of states supporting labour in a partisan manner is unrealistic. As such, unions need to show willingness to collaborate where necessary but also retain the ability to take an adversarial stance when necessary. The real issue is whether the default position should be adversarial or compromising in nature.

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3

Why Partnership Cannot Work and Why Militant Alternatives Can: Historical and Contemporary Evidence

Andrew Danford and Mike Richardson

Approaching 20 years have passed since the election of Tony Blair's New Labour government in 1997. One of that government's more salient employment policy initiatives was the promotion of workplace partnership as a key component of its drive to 'modernise' workplace relations. This development generated intense academic interest, both supportive and critical, in the potential of partnership to re-shape traditions of low-trust, adversarial industrial relations in the UK.

One year before the election of the Blair government, John Kelly published a prescient article that provided both a defence of union militancy and a critique of cooperative management–union relations. Kelly's (1996) argument rested on three propositions. First, that rather than seeking cooperation with trade unions, many employers were displaying a hostility to any

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form of unionism. Second, that compared with the cooperative arrangements of partnership, industrial action was more likely to generate beneficial material outcomes for workers. Third, that contemporary collective bargaining agendas reflected the continuing antagonism between of interests of workers and those of their employers. Most of the evidence concerning employer orientations pointed to the growth of non-union companies, a reluctance by many to countenance even the fashionable pro-employer new realist recognition deals of the time and an increase in the patterns of union de-recognition.

Current trends in UK employment relations suggest that employer attitudes have, if anything, hardened since 1997. Between 1995 and 2012 trade union density has fallen from 32 to 26 %. In the dominant private sector, union density stands at just a little over 14 % (Department for Business, Innovation and Skills 2013). Moreover, current Workplace Employment Relations Study (WERS) data show that the percentage of workplaces with recognised unions fell to just 9 % in private sector manufacturing (once a bastion of British trade unionism) and 12 % in private sector services. In these sectors, the scope of collective bargaining has also diminished, suggesting a further hollowing out of union influence (van Wanrooy et al. 2013, p. 99). The WERS authors note that changing attitudes among managers to union membership may be an important factor in this decline. Indeed, the WERS employee survey found that only 13 % of all employees indicated that managers at their workplace were in favour of trade union membership. These figures are supported by Gall's (2007) analysis of employer responses to trade union recognition claims highlighting the recent growth of incidents of anti-unionism and a qualitative shift in the importance of employer opposition.

How much of this union decline can be attributed to union strategy itself? Gall (2007) observes rightly that current levels of union membership and workplace organisation might have been weaker still had it not been for the effects of the variety of union organising campaigns that have taken hold over the past two decades. This question, however, can also be addressed from another angle. That is, and to return to John Kelly's critique, to what extent can the decline in union fortunes in the UK be blamed on a tendency of too many workplace unions to drift towards cooperation with employers and ultimately pusillanimous responses to new management initiatives? Though the WERS authors do not make

this link themselves, in a short section on ‘partnership working’ in their study, they suggest that cooperation between union representatives and managers has become the norm. Their survey of workplace representatives found that as many as two thirds agreed or strongly agreed that they ‘work closely with management when changes are being introduced’ (van Wanrooy et al. 2013, p. 63).

How widespread is partnership itself? Our definition of partnership is centred on establishments where trade unions are recognised and includes both formal and informal arrangements. Formal partnerships might comprise, typically, partnership framework agreements that emphasise collaborative union–management relationships and which include such institutional arrangements as joint committees of managers and elected staff representatives, joint problem-solving groups and union input into strategic plans and operational matters. Informal partnerships can be regarded more broadly as cooperative relationships that, whilst not underpinned by formal agreement, will nevertheless be marked by expectations that workplace unions display commitment to management priorities and which may include similar consultative and joint working arrangements to formal partnerships. Bacon and Samuel’s (2009) assessment of the extent of formal partnerships covered by written agreements found that by 2007, such partnerships covered a little over 10 % of British workers, though many of these were located in public sector establishments. They also found that many partnerships survived the test of time, so much so that despite the scepticism found among some union leaderships, the practice has become a significant component of the industrial relations landscape in contemporary Britain. It is more difficult to provide an accurate assessment of the extent of informal partnerships or cooperative unionism, though current WERS data (above) suggest they are widespread.

Overall, then, an argument can be made that the decline in union militancy and the emergence of a pervasive union acquiescence marked by a willingness to cooperate with management agendas (whether under formal union partnerships or the more common informal arrangements) have coincided with the continuing decline in UK union membership since 1997. A second argument can also be postulated that this relationship is consistent with the historical record of attempts to forge cooperative management–union relationships early in the nineteenth and twentieth centuries.

This chapter will re-examine the competing merits of cooperation and militancy by considering a number of related themes and arguments. First, we show that partnership schemes are not specific to contemporary industrial relations with analysis of historical examples that point to a long record of failure. Second, we critically evaluate a small number of salient contemporary examples of partnership and, in the context of the desocialisation of labour and the implications of more complete management control at work, we assess the comparative utility of union mobilisation and militancy. Third, building on the advantages of mobilisation, we highlight the prospects for more effective democratic alternatives to partnership and cooperation.

Cooperation at Work: Historical Antecedents and Outcomes

Partnership, in its many guises, attempts to nullify the underlying antagonistic relationship existing between employers and workers. Although the motivations behind co-partnership schemes have varied, they have tended to be put into effect at the upper turning point of economic expansion to quell worker expectations and demands, and reconfigure workers' attitudes towards non-contestation and high commitment.

Cooperation as a key component of labour–management relations can, in Britain, be traced back to 1829 (Somerville 1926, p. 650). However, 'to have a voice in the general control of the business' (Vivian 1898, pp. 1–2), as well as a share in the profits, was not seriously advocated until John Stuart Mill, a nineteenth-century philosopher, economist, and Member of Parliament, argued that giving workers a stake and say in the business would make them less likely to revolt. The European revolutions of 1848 caused Mill to look for a means of 'healing the widening and embittering feud between the class of labourers and the class of capitalists' (J.S. Mill, cited in Munroe 1899a, p. 593).

In Britain, between 1837 and 1848, the state ruthlessly put down the social and political unrest associated with economic hardship, and the campaign for the people's charter (Chartism). Whilst unsuccessful, these challenges to the social order led the middle class and sections of the

upper working class to join hands. Relieved at avoiding revolution, and confident in the knowledge that workers had been pushed to accept the capitalist social system (Reid 1992, pp. 49–50), some employers were more willing to acknowledge the rights of ‘new model’ unions to represent artisans and skilled workers. In turn, these ‘new model’ unions were more inclined to reach accommodation with their employers. This accommodating approach was seen by some contemporaries to act ‘as a moderating influence on the politics of popular protest, contributing to the mid-century disintegration of mass movements such as Chartism’ (Gray 1990, p. 139).

Whether or not this development was seen as passive acceptance of the capitalist social order or more active positive participation (Reid 1992, pp. 49–59), Mill confidently predicted that relations between employers and workers would gradually evolve into one of two forms of partnership, either an ‘association of the labourers with the capitalist’ or an ‘association of labourers among themselves’ (Mill 1909: 1V, 7.14):

The form of association, however, which if mankind continue to improve, must be expected in the end to predominate, is not that which can exist between a capitalist as chief, and work-people *without a voice in the management* (our emphasis), but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves (Mill 1909: IV. 7.21).

Though a mix of proposals of profit-sharing, workers’ shares and cooperation were viewed by the middle class ‘as peaceful alternatives to trade unions and industrial militancy’ (Gurney, p. 257), they were not to materialise to any great degree. Moreover, even in those firms that adopted such schemes, workers’ voices were limited.

One example is the attempt to create a cooperative culture by the woollen manufacturers, William Thomson & Sons, of Huddersfield, in 1886. George Thomson took over the running of the family firm in 1882, and influenced by the ideas of John Ruskin of a social economy (Perks 1982, p. 162), he established a committee of elected representatives from working-class cooperative societies, and trade unions, along

with the employees, who through Thomson's bonus scheme were able to acquire shares in the company. Perks (1982) states that whilst remaining 'nominal head' or 'manager', Thomson handed over the running of the firm to this committee. However, this interpretation does not square with the contemporary assessment of Munroe (1899b), who asserts that the committee's role was mainly advisory. Not only did managerial prerogative remain firmly in the hands of Thomson, removable only by a vote of five sixths of committee members, he had the right to hire and fire, fix wages and allocate duties subject to consultation with the committee. He could also appoint his successor (Munroe 1899b, p. 805). Thomson's scheme was not driven by the desire to marginalise trade unions, or as a remedy to overcome industrial unrest. It was driven by ethical and philanthropic concerns, which proved to be good for business. The scheme ceased after Thomson's death (Matthews 1976).

A significant number of co-partnership schemes have been introduced to curtail trade unionism and industrial conflict. Henry Briggs and Sons Whitwood and Methley Collieries, Normanton, West Yorkshire, presents an early example. Over a 10-year period, between 1855 and 1865, Briggs' collieries experienced four strikes lasting an aggregate of 78 weeks. From 1865 to 1875, in an effort to prevent strikes, the company introduced co-partnership, and it operated a profit-sharing scheme. Initially, the management succeeded in their aim of marginalising organised labour. Briggs' miners did abandon their union; however, within a few years, as they saw miners' in other unionised collieries securing advances in wages over and above their earnings, they gradually returned to the fold. In 1874, a major dispute erupted over the sifting of coal in the pits, which left the dust underground. Angry because wages were paid by the weight of coal brought to the surface, the miners rebuffed the company's plan and sought the help of their union. The company backed down, and under pressure from their shareholders, discontinued the profit-sharing, co-partnership scheme. The scheme had not succeeded in suppressing the industrial militancy, which the company thought it would eradicate (Briggs and Biggs 1984).

Despite the ultimate failure of the Briggs' scheme, and similar projects, such as Ousebourn Ironworks and Fox, Head & Co., Middlesbrough, which actually banned trade unions (Gurney 1996, p. 150), optimism generated by the positive examples of co-partnership in France contributed to the

founding, in 1884, of the Labour Association for Promoting Co-operative Production based on the Co-partnership of the Workers. Henry Vivian (1898, p. 2), secretary of the Labour Association, maintained

that more schemes for establishing partnerships between capital and labour have failed because of the absence of any real appreciation of the principle involved, and of the true purpose, than through anything else.

Within a couple of years of its founding, the Labour Association would be able to laud a more positive example of co-partnership schemes—the one established at Thomson's woollen works. On the other hand, the largest venture, activated in 1889, at the South Metropolitan Gas Company, must at best have been somewhat of an embarrassment. Incensed at the militant New Unionist gas workers' victory in achieving the 8-hour day earlier in the year, the company's chairman, George Livesey, introduced a bonus scheme to free the company from the union (Matthews 1988). Starting with profit-sharing, the company, which employed around 4000 men, went on to issue workers' shares. However, it banned its employees from belonging to a trade union, sacking those workers who refused to comply. The Labour Association regretted the hostile feelings between the firm and the Gas Workers' and General Labourers' Union, but this did not prevent it 'from recognising the importance of the steps taken' to establish co-partnership (Vivian 1898, p. 9).

The Labour Association put the early failures of co-partnership behind them, claiming that by the end of the 1890s, an increasing number of successful schemes had been established. The early twentieth century saw the creation, in 1909, of major profit-sharing arrangements at W.H. Lever's soap factory at Port Sunlight. Lever 'argued that co-partnership would teach the "facts" of competition and would reduce the cost of supervision'. In this case of co-partnership, the historian of cooperation, Gurney (1994, p. 263), argues Lever was able to 'sweeten the pill of increased labour exploitation'. Lever, an autocratic paternalist, was not afraid of using co-partnership to discipline his workforce; share certificates could be cancelled in cases of 'neglect of duty, dishonesty, intemperance, immorality, wilful misconduct, flagrant inefficiency or disloyalty' (Wilson 1954, p. 154).

Table 3.1 Charting co-partnership schemes 1870–1925

Period in which started	Total number of schemes started in the period	Number of schemes still in existence
Up to 1870	20	3
1871–1880	18	5
1881–1890	79	14
1891–1900	77	14
1901–1910	80	51
1911–1918	77	66
1919–1920	106	79
1921–1925	55	53
Total	512	285

Compiled from the *Report on Profit-sharing and Labour Co-partnership*. Ministry of Labour: 1920, and *Monthly Labour Review*, 1926: p. 519

Most co-partnership arrangements were short-lived. By 1921, less than 1 % of the workforce belonged to any such scheme. Unions were in retreat as the post-war boom collapsed. In the wake of ‘Black Friday’, when, on 15 April 1921, at the very last hour, the transport and rail workers withdrew their support for the miners’ strike, unions were at the mercy of those employers determined to erode union power. Wage cuts ensued. The Engineering Employers’ Federation victory over the Amalgamated Engineering Union, in the 1922 engineering lockout, reaffirmed employers’ right to manage. As union defeats mounted, the number of new co-partnership schemes started to drop considerably (see Table 3.1). However, almost all existing schemes of over 5 years’ duration continued to operate.

The print firm, Hazell, Watson and Viney, employing over 1500 workers, was one of the small numbers of firms committed to co-partnership. The firm adopted profit-sharing in 1886. In 1914, its employees were given the option of buying company shares at 75 % of their face value, with no constraints on their sale. In 1920, a new employee share offer of 9200 £1 ordinary shares required any sale to be conducted through the firm’s directors. With the same stipulation, in 1926, an additional 10,149 £1 ordinary shares for employees were issued (Keefe 1939, pp. 200–202). The firm not only recognised trade unions but actually encouraged trade unionism. In his presidential address at a conference of the British Federation of Master Printers in June 1926, just a few

weeks after the General Strike, Walter Howard Hazell, the firm's managing director, told his audience that whilst condemning the lightening strike, '[t]hey required the assistance of the trade unions in increasing the efficiency of the industry by the introduction of new methods and new plant' (Hazell 1926).

Hazell, a paternalistic employer and philanthropist, was swayed by the argument that co-partnership arrangements did much to motivate staff, encourage loyalty and commitment, and reduce the likelihood of conflict. Always willing to try new work methods, in 1924, Hazell's firm participated in a study analysing the pattern of rest periods for male printers and young female operators to see if regularised official breaks would improve efficiency and output (HMSO 1924). The firm had never harboured anti-union feelings (Duffy 2000) and indeed felt it necessary that its workforce should be represented by independent trade unions. In 1936, at the firm's annual general meeting, Ralph Hazell, the chairman, reported that 'relations with our employees are excellent' and recommended that '£4000 should be set aside for distribution among the staff of all grades in recognition of their services' (*The Times*, 25 June 1936). Managerial practices, such as those at Hazell, Watson and Viney, were rare in the inter-war years. However, in 1923, both the chocolate firms of Rowntree and Cadbury introduced co-partnership schemes. By 1930, electricity companies had begun several prototypes (Matthews 1989, p. 446), and in 1929, the John Lewis partnership scheme was launched, which is of particular interest given that workplace partnership is still functioning in the company in the present day (Cathcart 2014).

It was the defeat in the 1926 General Strike that, paradoxically, strengthened the authority of trade union leaders over its rank and file, enabling them to foster an environment more conducive to cooperative relations. The Trades Union Congress approached employers' organisations for national-level talks on what it would take to institutionalise friendlier and less conflictual labour relations. In 1928, the controversial Mond–Turner Talks took place in an effort to herald a new relationship between capital and labour. Their significance did not depend simply on what might be achieved, but rather constituted a key marker of a strategic shift (Gospel 1979, p. 180). The talks, on labour policy and industrial cooperation, were held between British businessmen, including Walter Hazell, and the Trades Union Congress.

Sir Alfred Mond, Chairman of Imperial Chemical Industries, and Ben Turner, Chairman of the General Council of the Trades Union Congress, alternated in chairing meetings between the National Confederation of Employers' Organisations and the Trades Union Congress. Mond–Turnerism was an attempt to rebuild relations between employers and unions in the aftermath of the 1926 General Strike.

The subjects discussed included rationalisation of industry, compulsory conciliation, security of employment, disclosure of information to trade unions, and schemes for worker participation (Gospel 1979, p. 180). The Communist Party denounced the talks 'as a flagrant example of class collaboration' (*The History of the TUC 1868–1968*, p. 91). They need not have worried; the employers' organisations 'were *unable* and *unwilling* to establish a permanent relationship with the unions and enter into cooperation on Mond–Turner lines' (Gospel 1979, p. 193). Unsurprisingly, then, very few co-partnership schemes were started in the early 1930s. Employers' incentive to initiate such schemes diminished further as Britain entered another deep economic depression. In the mid-1930s, however, as the economy began to recover, two significant schemes were launched at the automobile companies of Vauxhall, and Morris Motors. Notably, both these companies were, at the time, strongly anti-union and 'refused to allow unions into their plants' (Turner et al. 1967 p. 193). Vauxhall utilised co-partnership 'to foster contentment and identification with the company' to buttress its policy of excluding unions from its plant (Claydon 1987, p. 310). High wages compensated for the managerial authoritarianism prevalent in Morris Motors at Cowley in Oxford. However, co-partnership may well have been introduced as a reaction to a strike, in 1934, at the unionised Pressed Steel plant, also located at Cowley, in the belief that it would provide extra insurance against unions getting any sort of hold in its works.

The Second World War added another dimension to cooperative working as pressure from the Engineering and Allied Trades Shops Stewards National Council convinced the government, the Trades Union Congress and the Amalgamated Engineering Union to introduce joint production committees (Danford et al. 2005, p. 23) in companies employing more than 500 people. To a lesser degree, other industries followed suit. These committees differed from works committees in that, in theory at least, they

operated as one united body. Works committees were a bipartite body made up of management representatives on the one side and worker representatives (usually shop stewards) on the other. Some employers felt that if the works committee was successful, then joint production committees were superfluous. On the other hand, some shop stewards felt they were useful because the joint production committees, on which they were not officially represented, sometimes overruled management authority (Zweig 1951, pp. 238–239).

The lack of space prevents us from considering the fortunes of co-partnership after the Second World War. However, given the longevity of the John Lewis partnership, and Ackers and Payne (2002) argument that a partnership could, and should, have been established in the British coal industry following nationalisation in 1947, it is pertinent to make a few brief comments.

First, Ackers and Payne's historical account contends that the 'spirit of co-operation, consultation and partnership' (187) was present both immediately before and around a decade after nationalisation. They regard this 'spirit' as offering a favourable environment for the establishment of a partnership agreement between the National Coal Board and the National Union of Miners. Ackers and Payne then go on to argue that if such an agreement had been struck, unofficial stoppages in the pits would have been reduced significantly, and the strikes and strife of the 1970s would not have occurred. Militant voices in unproductive coalfields, such as those in Scotland and Wales, could well have been silenced if the union had expressed the moderate mood of miners in the modern productive Midland pits, and the National Coal Board had initiated 'a policy of rapid reconstruction and mechanisation' (208). Ackers and Payne maintain that 'industrial relations policies', in the post-war coal industry, 'have to be assessed against the backdrop of almost inevitable rationalisation' (p. 208). The problem with this argument is that as well as a lot of 'ifs', it seems unlikely that the men in those pits faced with closure would readily collaborate in their own destruction unless other viable long-term employment opportunities, at equivalent rates of pay, were available, rather than the more uncertain future offered by the National Coal Board, a Board that was subject to the whims of government.

In regard to the much-lauded John Lewis workplace partnership, it is germane to note that in 1949, its central council voted 'to exclude communists from membership and to ask present and future staff to sign a declaration that they were neither members of the Communist Party nor in sympathy with its doctrines'. However, a similar resolution to exclude fascists was defeated (Saunders 2015, p. 9). Several decades on and we find that trade unions are barely entertained. Cathcart (2014), in her present-day study, found there was 'fragile tolerance of trade union activity' in the company (p. 766). Moreover, although there is some scope for staff, through their elected partner representatives, to resist managerial prerogative '[a]t the heart of [the John Lewis] Partnership is a fundamental paradox; an organisation that purports to share power but at the same time embraces the concept of managerial prerogative' (722). And it is this paradox, to a greater or lesser degree, that goes some way in explaining why co-partnership has been unsuccessful, and it is the underlying antagonistic relationship existing between employers and workers arising from the dynamics of capitalist accumulation that is the key prohibitor to any serious change in this state of affairs.

Cooperation or Mobilisation?

At this point, it is not our intention to review the large quantity of contemporary case study work that has evaluated the proposed merits of partnership. Instead, we focus on a small number of widely cited articles that succeed in drawing out, from contrasting perspectives, the implications of its relational processes. Our assessment of whether partnerships succeed or fail is built upon two principles. First, that such assessments should not be confined to management–union relations and must encompass worker attitudes and experiences. As Guest et al. (2008, p. 128) note, successful partnerships require 'positive attitudes towards, and enthusiasm for the principles and practices associated with partnership among a wider section of management and the workforce'. Second, and more fundamental to our argument, is that evaluations of partnership will clearly be framed by the perspective of the researcher. It is our contention that if trade unions are to mount an effective challenge to employer power and

the exercise of managerial prerogative, then the required form of union organisation will be characterised by a vibrant democratic representation of rank-and-file interests that acknowledges very clear conflicts of interest in the capitalist employment relationship.

One of the more notable of examples of this, from writers who advocate partnership as a prime means of union revitalisation, is the work of Oxenbridge and Brown (2004a). Their comparative case studies of 'robust' and 'shallow' partnerships formed the basis of a contention that partnership relations can work to the benefit of unions and their members in contexts where workplace union organisation is relatively strong. The critical question here, however, and it applies to many of the 'pro-partnership' studies, is what assumptions govern how we define a union gain? Oxenbridge and Brown's position is clear in this respect. They maintain that effective joint consultation is the prime index of successful partnership, and that pervasive union involvement in improving *management* communications is most likely to legitimise workplace union activity. Thus, in their 'robust' examples, partnership unions act as intermediaries in helping management to secure workforce cooperation and manage workforce morale (2004, p. 194). These robust partnerships are thus far removed from conventional definitions of unions as advocates of independent worker interests, and it is no surprise to find shop stewards in these case studies concluding that they often found themselves distanced from and at odds with their members, who sometimes demanded more militant union policies.

Writing in a similar vein, Johnstone et al.'s (2010) single case study analysis in the banking sector has led them to argue that insufficient attention has been paid to the quality of the management–union relation in specific partnership contexts. In particular, that consultation processes may deliver mutual gains in circumstances where all parties understand and accept the rules of engagement centred on dialogue and accommodation. Looked at through the lens of managerialist assumptions, there may be some merit in this proposition. What is outlined, nevertheless, is a mere 'business case for equity', leaving Johnstone et al.'s shop stewards resigned to the fact that under a partnership framework, 'management retains the right to manage and to make the final decision' (p. 392).

There is less subtlety in the arguments deployed in Samuel's (2005) finance sector case study. Evidence is presented of the de-selection by management (with the collusion of full-time officials) of democratically elected workplace representatives who are viewed as potentially resistant to cooperative management–union relations. They are replaced by 'technically competent activists, capable of pro-active and constructive engagement with management' and 'cultivated' by the workplace union leadership using 'culture-change strategies of replacement and normative re-education' (p. 73). Ultimately, Samuel's argument that sustainable partnerships require 'cultivated' activists—even those who are foisted upon an unwitting rank and file—throws into contrast competing perspectives concerning the governing principles of workplace unionism. Are these centred on developing workplace union organisation whatever be the form and relationship with management? Or is workplace unionism essentially concerned with the democratic representation and pursuance of members' class interests in an employment relationship marked by clear structural conflicts of interest between capital and labour?

The more critical partnership writers tend to focus on the material outcomes of partnership arrangements, and in the case study research, on the politics of production and service that generate these outcomes. In this respect, the perspectives that frame such critical research derive from an understanding of trade unionism that lies some distance from the perspectives outlined above. That is, when we refer to the politics of production and service, we follow Hyman's observation that the essence of trade unionism in the UK resides in 'the "informal" solidarities, pressures and controls of the workplace' and the attempts by rank-and-file organisation to secure some degree of autonomous workplace control and thus to place limits on managerial prerogatives (1975, pp. 157, 158). The collective power resources available to trade unions have of course reduced significantly in the decades since Hyman's seminal work was published. Nevertheless, this change in circumstances, or what might be termed the 'current salience of class struggle from above', should not alter the underlying principles and dynamics of workplace union objectives.

Although there remains insufficient broad evidence of the impact of workplace partnership on traditions of collective job controls in the unionised sectors, a number of research projects made significant progress

in this regard. For example, in a series of related articles governing the introduction of teamworking in the UK's steel sector, Bacon and Blyton (2006) found that conflictual union approaches to bargaining generated demonstrably more favourable worker outcomes compared with cooperative forms of unionism. Evans et al.'s (2012) evaluation of labour-management partnerships in the civil aviation industries uncovered clear rank-and-file disaffection with the partnership agreement signed by the British Airways airline pilots' union (British Air Line Pilots' Association, BALPA) to the extent that they succeeded in voting the national leadership out of office. More fundamentally, whilst Jenkins's (2007) multiple case study research into partnership in traditional manufacturing settings discerned nuances in the nature of management–union relations, a common thread linking her studies was how workplace unions were forced to forgo the traditions of job control and engage in initiatives that facilitated the introduction of company policy on management's terms.

One of the most systematic critiques of partnership using a multiple case study approach (with a database of 375 employee and management interviews and 2600 questionnaires and funded by the Economic and Social Research Council's [ESRC] Future of Work programme) was the work published by Danford et al. (2005), Upchurch et al. (2008) and in a number of related journal articles. Working in the aerospace, finance and public services sectors, these researchers analysed different instances of the introduction of high-performance management techniques supported by, in some cases, formal partnerships agreements and, in others, informal cooperative partnership arrangements. These changes were marked by problems of job loss in some cases, work intensification, ineffective joint consultation and growing member disaffection with the union. Many of the managers interviewed in these studies supported the concept of partnership, but the significant gap between managerial rhetoric and reality was partly a function of the neoliberal performance regimes imposed from above—whether market-driven in the private sector or state-driven in the public sector. More recently, Danford et al.'s (2014) multiple case studies of professional workers (workers who historically were more supportive of cooperative union relations) employed in unionised partnership environments found that the ensuing lack of union independence from

management and weak bargaining influence generated very clear patterns of union disaffection.

In an era marked by the decline of more ostensible manifestations of workplace conflict (Godard 2011), is there any evidence to suggest that mobilisation and militancy fare any better than partnership? To put this another way, in the current era of neoliberal hegemony, do we have any empirical support for Cohen's (2006, p. 202) proposition that 'workplace-based organisation and resistance is the force which gives union renewal life and possibility' and that 'it is raw, economic, rank-and-file struggle, rather than partnership or social contracts, which builds unions'?

Despite very clear differences of opinion and perspective in the partnership debate, there is, nevertheless, a consensus that labour standards in the UK, and indeed, broadly, the condition of labour, have declined as a result of a very marked shift in the balance of power between capital and labour in recent decades and particularly since the financial crash of 2008. As John Hully (2014, p. 2) argued in the British Sociological Association's online journal:

The desocialisation of labour, and the severance of social relationship between employer and employed, manager and employee, has been forced by the use of 'command and control' management: arbitrary targets, performance-related pay, performance review and piece work. The neoliberal state has actively intervened to constrain Trades Unions and to permit employers to remove benefits (including final salary scheme pension plans), security of tenure and guaranteed hours: all under the guise of a general utilitarian benefit to the economy. Every deregulation—most recently, zero-hour contracts—related to flexible employment has been sold to us as of benefit to us as individuals.

The ability of capital and the state to effect these changes has been facilitated by a wave of information and communications technology (ICT) diffusion enabling the imposition of lean working, performance management and the extended surveillance, discipline and control, most often based on digital measurement and monitoring (Howcroft and Taylor 2014, p. 3). The idea that the most appropriate union response to these critical challenges is through cooperative partnership relationships with management seems risible. By contrast, we do have an increasing number

of examples of effective union opposition to these employer strategies that have resulted both in significant tempering of management prerogatives and increases in membership.

The civil servants' union Public and Commercial Services Union (PCS) is a case in point. Historically, this union has operated with policies that reflected *de facto* partnership working with the employer. With the growing influence of the left in the union, and notwithstanding an environment of large-scale job cuts in the civil service since 2003, PCS has seen increases in membership, union density and numbers of activists (Upchurch et al. 2014). Upchurch et al. (2014) show how this expansion is mostly attributable to effective rank-and-file mobilisation and militant action. The union's strategy, guided from the centre, has been founded upon attempts to enhance the participation of members and sub-groups—and notably young members and activists (see Hodder 2014)—mobilising members around issues that are critical to their interests, such as job cuts and attacks on sick pay and redundancy provision. The central point of Upchurch et al.'s argument is that a congruence between leadership and rank and file has generated a united opposition to marketisation and broad support for the defence of public service.

Darlington (2001, 2009) longitudinal studies of the Rail, Maritime and Transport Workers Union (RMT) provide a second example of a union leadership that has explicitly rejected social partnership in favour of mobilising members to defend pay and conditions and to stymie some of the effects of privatisation. Echoing the example of PCS, the RMT has succeeded in securing membership growth, against the general trend in union membership levels, by attracting workers to a union that has demonstrated its ability, via militant action, to deliver material gains for its members. Darlington's research also highlights how rank-and-file activism and, particularly, the local leadership of new cadres of left-wing, radically politicised activists have been 'crucial to the task of building union organisation and collective industrial and political mobilisation' (2009, p. 28). In another notable recent example in the private sector, rank-and-file agency was a distinctive attribute of the success of the British Airways Stewards and Stewardesses Association (BASSA union) in opposing attempts by British Airways' management to reduce crew numbers across the airline's fleets. As Taylor and Moore (2014) have observed, the

success of the union's strike action (22 days in total) is remarkable given the challenging nature of the membership base, fragmented as it is by 'multiple identities and transient workplaces' (2014, p. 94). The union's ability to sustain these actions was based primarily on the bonds of trust that developed between members and rank-and-file activists and, critically, the significance of activists' adoption of ideological frames of reference that articulated profound conflicts of interest between the airline crew and their management.

Cynics may argue that these various cases of successful mobilisation do not represent a broader reality of union weakness and acquiescence. In too many areas of the UK economy, this may be true, but these cases do highlight that alternatives to cooperation and compliance are possible. Thus, it is both defeatist and fallacious to propose that 'given the realities of contemporary power relationships, it is wholly misleading to pose robust, traditional negotiations as a viable hypothetical alternative to most contemporary relationships' (Oxenbridge and Brown 2004b, p. 400).

Strategic Alternatives to Partnership

The underlying argument that frames our critique of partnership is that, in the final analysis, the conflict of class interests that is inherent to the capitalist employment relationship will inevitably frustrate and, in time, invalidate attempts to create *sustainable* partnerships between employers and labour. It is possible that at particular moments of time and in specific organisational and environmental contexts, the researcher's 'snapshot' of partnership uncovers some elements of mutual gain. In the longer term, however, the capitalist dynamics of the workplace are likely to render such outcomes nugatory. The challenges that face both organised and unorganised labour, such as employer attacks on terms and conditions, the advent of new performance management regimes and the undercutting of job quality through a myriad of new forms of labour flexibility, require a response that is more rigorous and adversarial than that offered by a partnership with the very agency that is imposing these changes. The different analyses of the proponents of partnership too often lose sight of the fact that new developments in work organisation

and employment relations are components of a *capitalist* labour process. Thus, the seductive rhetoric of 'high commitment' and 'mutual gain' too easily glosses over the role and condition of those who labour under partnership regimes, workers whose labour power, like any other in a capitalist society, is subject to the command of capital.

What are the implications, then, for contemporary union strategy? We would argue that it is instructive here to return to the classic works on British trade unions. Most notable of these is the analysis of Richard Hyman. In his seminal Marxist introduction to industrial relations, Hyman (1975) observed that it is rank-and-file union organisation that constitutes the main obstacle to attempts by employers and the state to contain the trade union's challenge to capital. Whilst Hyman was alert to the problem of union bureaucratisation and the ensuing caution and accommodation of trade union officials and, to an extent, shop steward organisation, his core argument was that autonomous rank-and-file organisation constituted the essence of trade unionism in the UK. In a later work, he noted that trade unions draw their strength from their ability to respond to the 'spontaneous demands of the rank and file, articulating members' aspirations and grievances, where necessary, independently and even in defiance of official trade union channels' (Hyman 1989, p. 41).

Huw Beynon's ethnography of these processes at Ford highlighted vividly the humanistic collectivism that derived from such close bonds between activists and members, 'this sharing of a common situation, which gives you the *right* to speak for them' (1984, p. 220). The key point here is that union agency is centred on the frontier of control where workers' interests sit on one side against the employer's interests on the other. The importance of the arguments of Hyman, Beynon and others is that in an era when many question the relevance of trade unionism, or certainly the relevance of independent and militant union forms, they remind us that it is strong rank-and-file organisation that underpins autonomous workplace control. That is, the union's ability to limit managerial prerogative, to dispute and influence how work is to be carried out, how much of it is to be completed and for what wage.

In prioritising union autonomy and militancy over cooperation with management, we are not arguing that union leaders and activists can simply turn the clock back to a mythical golden age of union power. We do not

underestimate the huge challenges that confront current union attempts to mobilise collective resistance against the many workplace manifestations of neoliberal hegemony. Equally, as Darlington (2010) has argued, it cannot be assumed that the current weaknesses of workplace union organisation have permanency or that problems of leadership bureaucratisation and accommodation at all levels will not be mitigated in the future by the recruitment of new generations of activists open to new innovations in union organising.

What might such innovations and new ways of thinking entail? There is now a very large literature evaluating both the potential advantages and organisational limitations of the 'organising model' approach to union renewal. Whilst we have no intention of reviewing this literature here, we note Simms and Holgate's (2010) critique that insufficient attention has been paid to democratic discussion of what, precisely, is the purpose of union organising? The key issue here, and we pose it in contradistinction to the tendency of workplace partnership to break the democratic bond between member and activist, is: what forms of participative leadership and union democracy can be harnessed to renew autonomous rank-and-file challenges to the employer? Various solutions to this question are emerging, and in this chapter, we highlight two important examples. The first is Hyman's (2007) call for a new decentralised union democracy that, whilst coordinated to some extent from above, provides sufficient scope for all types of members to shape union priorities and policies. In promoting a 'bottom up dialogue which is truly representative of the diversity of rank and file opinion' (2007, p. 206), Hyman contends that these new democratic union forms need to defend employees against employers and governments who are currently engaged in an anti-union class struggle from above. It is difficult to see how such a 'contentious politics' could accommodate the politics and practice of cooperative partnership.

The second example considers in more detail the processes by which such democratic renewal can be achieved. The core argument of Upchurch et al.'s (2012, 2014) approach is that democratic participation and organisational strength will be enhanced where political congruence exists between 'the values, expectations and intended outcomes' of the three main levels of the union: leaders, activists and members (2012, pp. 857–858). If this congruence is to be established, then it will rely upon a clear

ideological framework that, like Hyman's (2007) contentious politics, will be 'left oppositionist, opposed to neoliberal accommodation and often in contradiction to prevailing normative union behaviour' (2012, p. 862). Upchurch et al. draw out effectively the organisational implications of political congruence, and in so doing, emphasise broadening the scope of democratic participation rather than reliance on conventional bureaucratic relations.

Thus, for Hyman, Upchurch et al. and others, the way forward for British trade unionism is not cooperation, acquiescence or fatalism but the development of new innovations that prioritise developing members' organisational skills, confidence and activity, and supplement conventional forms of mobilisation by building alliances with other supportive organisations. In so doing, unions may promote new forms of public protest capable of attracting the interest of potential followers.

Conclusion

We have argued that both the historical and the contemporary case study record exposes partnership as a system of regulating management–union relations that is shaped primarily by employers' interests. It amounts to little more than a social process of legitimation for continuous workplace reforms that intensify both labour and the accumulation of capital. This conceptualisation rejects any meaningful notion of independent union interests and concomitant rank-and-file practices of job control or defence of labour standards. We have suggested here and elsewhere that this is a 'business case' for partnership, an imposed unitarist solution for managing the conflicts of interest that arise from capitalist workplace dynamics and, specifically, the new 'command and control' management systems.

There is an alternative to the facile raising of the white flag of partnership, however. Trade union activists do not have to 'work closely with management when changes are being introduced', as the WERS authors put it. Neither, as Bryson and Freeman (2007) suggest, is it necessary to assume that workers will always prefer cooperation to confrontation with their employer. If such a survey question is posed in the abstract, then it is likely to generate an obvious response. Other things being equal, most

workers are likely to prefer the easy life of accommodation to conflict. If, however, an alternative question was posed which suggested that conflict and militancy were more likely to generate positive material outcomes for workers, then we might expect a different pattern of response.

We have highlighted the potential of oppositional union strategies centred on broadening and deepening union democracy and drawing on ideological frameworks that contest the inequities of neoliberal workplace reform. These new examples of the democratic possibilities of a more broadly defined rank-and-file union organisation make the idea of workplace partnership appear weak, a recipe for devitalisation, and frankly, passé.

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Part II

National Contexts

4

Participation and Partnership in the UK: Progress and Prospects

Stewart Johnstone

Introduction

This chapter provides an overview of the evolution of participation and partnership in the institutional context of the UK. The central argument is that while partnership at work only became government policy in 1997 as part of New Labour's attempt to 'modernise' employment relations (Martinez-Lucio and Stuart 2005), partnership builds upon a long history of experiments and policies concerning employee participation. However, identifying the antecedents of partnership depends very much upon how we define the concept. If we use loose definitions such as workforce cooperation, partnership can be traced at least as far back as the practices of 'enlightened' employers in the early nineteenth century (Marchington 1998).

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Progressive employers have long recognised some of the basic principles which lie at the heart of the partnership debate, such as the view that it can be ethically responsible and also make good business sense to consider issues of both organisational efficiency and employee welfare. If we define partnership in terms of participation practices, however, then partnership can be traced to pluralist concerns around industrial democracy (Webb and Webb 1897) and the development of trade unions, collective bargaining and joint regulation in the twentieth century. It was generally assumed that trade unions were a natural part of organisational life, and that bargaining activity would occur in a conflict-oriented system of 'arms-length adversarialism' (Johnstone and Ackers 2015). However, there have also been various attempts at encouraging greater cooperation between unions and employers, especially around issues of productivity and efficiency, and often in response to particular political and economic challenges. However, it was when state support for unions was removed in the 1980s that some unions increasingly attempted to build legitimacy in the eyes of employers. Notions of working with employers to support business success really began to take hold by the late 1980s, and was to become official government policy in 1997.

The chapter is structured as follows. I begin by sketching the evolution of participation in the UK context from the unitarist practices of paternalistic employers in the nineteenth century, to the development of the pluralist industrial relations orthodoxy in the twentieth century. The second section then assesses the changing environment in the 1980s, when state support for trade unions was removed and their very legitimacy was questioned. It also explores the responses of both unions and employers to this new context. The third section then considers the rise of interest in partnership following the election of 1997, the responses of unions, employers and other interest groups, and concludes with some thoughts regarding the future prospects for partnership in the UK. The central argument is that despite an ostensibly supportive public policy context in the late 1990s, the development of partnership was hampered by various practical problems, including a lack of agreement concerning what it actually meant, who should be involved and what it was meant to achieve, as well as more fundamental ideological questions as to whether it was even desirable. Given this context, it is perhaps unsurprising that the public policy debate quickly lost momentum. Nevertheless, the partnership debate did encourage

many employers to review their employment relations approaches, especially union–management relations, and the evidence suggests that many of these attempts at developing partnership have been relatively enduring. However, the sustainability of partnership at the workplace level appears to have been in spite of, rather than because of, the evolving public policy and institutional context.

Evolution of Participation and Partnership in the UK Context

The notion of labour–management partnership in the UK has been described as inherently ambiguous (Bacon and Storey 2000), and this can make it difficult to identify the antecedents within the British context of employment relations. If partnership is defined in very loose terms as workforce cooperation, then it draws upon a long history of attempts at developing ‘enlightened’ employment relations with the aim of reconciling the interests of employer and employee. However, there have been different views regarding how this might best be achieved. In order to make sense of these different perspectives, the concept of ‘frames of reference’ developed by Fox (1966) is useful. Unitarism stresses the common goals of an enterprise, with employees viewed as a team united by loyalty to their employer. Cooperation is the natural state of affairs and conflict is attributed to poor communication and leadership, or troublemakers within the organisation. The key to good employment relations is thus good management, though how this is interpreted can vary. The regulation of the employment relationship might be believed to be something best left to the ‘invisible hand’ of the external market, together with rules and procedures to ensure employee compliance, or as some version of ‘sophisticated human relations’ which aims to integrate employer and employee interests and maximise employee commitment and involvement (Purcell and Sisson 1983).

History provides evidence of both approaches during the development of the factory system in the early nineteenth century when management styles ranged from the notoriously poor and exploitative to the social reformers and pioneers of welfare capitalism such as Robert Owen at New Lanark. In contrast to their competitors, benevolent employers demonstrated a

greater concern for employee welfare and adopted a paternalistic approach, improving working conditions within factories as well as shaping the wider communities in which they were based. Similar examples include the management practices of Quaker-run confectionary businesses and the development of industrial towns such as Bourneville (Philpott 2007). Debates regarding the extent to which employees are a resource to be utilised and disposed of when needed (Hard Unitarism), or whether a more progressive, socially responsible approach can actually make both ethical and business sense (Soft Unitarism), continues today in the contemporary field of strategic human resource management (HRM) (Boxall and Purcell 2011). These debates also inform views on employee participation generally (Wilkinson et al. 2010) and labour–management partnership in particular.

Where explicit employer interest in participation occurred in the nineteenth century, it was often in the area of financial participation and profit-sharing. This interest can be viewed either as evidence of philanthropic employers seeking to extend their welfare provisions (Marchington et al. 1992) or at a time when trade unions were also finding their institutional feet and collective bargaining coverage was expanding, as a means of ‘detaching workers from their unions’ (Ramsey 1977, p. 483). Irrespective of the precise motive, many of these financial participation schemes were short-lived and abandoned at times of worsening economic conditions (Marchington et al. 1992). Towards the end of the nineteenth century, there was also some interest in developing ‘Industrial Partnerships’ where ‘the worker shares in the *results* and the *management* of his own industry’ (emphasis added). The Labour Association advocated both greater financial participation and employee consultation with the aim of ‘making workers everywhere partners in their workshops’ (Labour Association 1884). Unitarism, at least in its softer guise, thus sees some scope for employee participation, including information sharing and direct consultation with workers, as well as the provision of financial incentives to promote cooperation. However, both hard and soft unitarists are generally guided by the view that ultimately it is management’s job to manage, and participation is valued primarily where it helps managers manage more effectively (Heery 2015). The absence of an inherent governance challenge as well as the emphasis on managerial prerogative would seem to suggest little desire for collective employee representation.

Pluralists, on the other hand, suggest that view organisations are ‘composed of sectional groups with divergent interests’ (Fox 1966, p. 2), and that these interests need to be managed in order to reconcile and accommodate different priorities, and keep conflict within acceptable bounds. Differences of interest are believed to be both inevitable and legitimate, meaning a need for mechanisms through which conflict can be channelled, expressed and institutionalised, and in turn, a role for collective employee representation (Johnstone 2014). In contrast to unitarists concerned with aligning employer and employee interests for the good of the business, pluralist employee representation was rooted in ideas of industrial democracy as an extension of political democracy, rather than by an expectation that employers and employees would or should actively cooperate for the good of the business (Johnstone and Ackers 2015). Industrial relations pluralists thus saw a need for robust worker participation and viewed trade unions and collective bargaining, with the support of the state, as the best solution to this regulatory challenge (Ackers 2014). Often it was assumed that trade union activity would occur within a conflict-oriented system characterised by ‘arms-length adversarialism’ as parties bargained over distributive issues such as pay and conditions. However, these mechanisms would help keep conflict within acceptable bounds and maintain workplace order.

Though developing workforce cooperation or making organisations more productive may not have been the *raison d’être* of pluralist collective bargaining, concerns with encouraging greater cooperation have arisen at various points in British history, often in response to particular political and economic challenges. After the First World War, and against a background of extensive industrial conflict, a government sub-committee of employer and trade union representatives was created to investigate the potential of improving relations between employers and workers. The Whitley Report of 1918 urged unions and employers to engage in ‘constructive cooperation’ and recommended the creation of joint employer–union bodies at a national, district and workplace level. Seventy-three Joint Industrial Councils and over 1000 local committees were set up to discuss issues of efficiency and productivity as well as pay and conditions, though most of these committees had a very short life (Marchington et al. 1992). There was also a resurgence of interest in participation and cooperation during the Second World War, as part of a

war time attempt to improve productivity and reduce conflict. The recommendation this time was the creation of Joint Production and Advisory Committees (JPACs) which would involve employee representatives in discussions regarding production efficiency. While thousands of JPACs were created, again many were short-lived. Various explanations have been given for this lack of success, including the use of the committees by management as a means to reassert managerial prerogative as well as lack of management commitment (Brannen 1983; Ramsey 1977). The 1960s also saw the development of 'productivity bargaining' at an ICI plant in Hampshire. The Fawley Productivity Agreements, as they were known, concerned a Work Redesign Programme aimed at improving productivity and workforce utilisation. The agreement was studied in detail by Alan Flanders (1966) and reflected long-running concerns regarding a 'British industrial relations problem' and the potentially negative relationship between trade union power, working practices, and productivity (Procter and Rowlinson 2011). The deal included a reduction in overtime in exchange for a 40 % increase in pay, as well as commitments to job security. Productivity bargaining at the workplace level highlighted the potential for a different style of bargaining, where the boundaries between consultation and negotiation become more blurred, and the emphasis is increasingly upon unions and employers working together to achieve a mutually acceptable compromise (Hall and Purcell 2011).

Debates around collective representation again arose in the 1970s as a result of various factors, including accession to the European Economic Community, exposure to employee participation in other European nations, and in particular, the practice of worker representation on company boards. There was also the election of a Labour government in 1974 with some interest in notions of industrial democracy (Marchington et al. 1992). For the Trade Union Congress, there have long been debates regarding the extent to which unions should be concerned with management priorities such as productivity and efficiency and this arose again in the 1970s. Similar discussions had taken place within the TUC in the 1920s under the leadership of Walter Citrine, as part of a concern to make unions more 'respectable' in the eyes of employers and the state (Taylor 2001). Some were concerned that this could jeopardise their arms-length oppositional stance, and their role as 'an opposition that never become a government'

(Clegg 1951, p. 22). Nevertheless, the Bullock Committee of Inquiry was set up in 1975 to look at the implementation of boardroom-level participation and published two reports on the issue (Bullock 1977). Employers remained staunchly opposed to the proposals (Brannen 1983), and a change of government before any action could be taken meant the 1970s industrial democracy project stalled.

Towards the 'New Industrial Relations'

The pluralist public policy orthodoxy was to change with the election of the Conservative government of 1979, the emergence of Thatcherism, and commitments to neoliberal free market economic policy. State support for trade unions and collective bargaining evaporated, replaced instead with a series of measures to contain and constrain union activity. Established principles, such as an acceptance of collective bargaining, the legitimacy of unions, support for union membership, and immunity for disputes, were all abandoned (Beardwell 1992); trade unions were no longer viewed as an essential component in the creation of workplace 'order'. Policy interest shifted away from pluralist priorities such as the joint regulation of the employment relationship through collective bargaining, or statutory frameworks for consultation, towards an emphasis management choice. Often this meant the spread of Employee Involvement (EI) techniques, which were typically designed by employers, individualist rather than collectivist in nature, and aimed primarily to raise levels of employee commitment in support of organisational success. Popular examples included team briefings, quality circles, and suggestion schemes, but the emphasis was generally upon providing information and improving communication with the workforce, rather than negotiating or making joint decisions (Marchington et al. 1992). At the same time, the emergence of US-style HRM techniques appeared to offer employers a wide range of new human resource (HR) techniques in other key areas such as performance management and reward, all with the promise of eliciting enhanced employee contribution and greater commitment (Beardwell 1992; Marchington et al. 1992). Though there is some debate regarding whether the ideology of HRM or the responses of employers were necessarily anti-union,

or simply offered a non-union alternative, the implication was clear: the role of trade unions was to be de-emphasised, and union membership and collective bargaining have fallen ever since (Johnstone and Ackers 2015).

For trade unions, a lack of state support combined with enthusiasm among employers to deploy fashionable EI and HRM techniques and to engage directly with their employees presented a major challenge. For some, state antipathy and employer ambivalence meant unions needed to find a way to appeal employers, ameliorating concerns and demonstrating a willingness to work with employers rather than against them. In order to win recognition rights at Japanese greenfield sites, some unions developed 'New Style Agreements', which aimed to mitigate employer concerns regarding the disruption of industrial conflict in the form of so-called 'no-strike deals' (Basset 1986). In practice, these agreements often committed employers and unions to enter binding arbitration in the event of a major dispute, and were normally also part of 'single union deals', where unions effectively competed for sole recognition rights in a particular workplace. Well-known examples include the agreements between the Amalgamated Engineering Union and the Japanese manufacturers Nissan and Komatsu (Wilkinson and Ackers 1995). In addition to conflict resolution procedures aimed at avoiding strikes, these agreements often outlined various other principles and practices included joint commitments to organisational success, workforce flexibility, quality, single status and harmonisation, employee representation, and spirit of working together in cooperation and partnership (Morton 1992). Inevitably, these 'New Realist' approaches proved highly controversial and divisive between and within individual trade unions. Some attempted to rebrand themselves as part of the solution to industrial relations rather than as part of the problem. The GMB/CWU *New Agenda*, for example, exhorted a need to 'abandon traditional reactive stances ... responding critically to all management initiatives' and to 'work together with employers and government to create a strong economy and caring sharing society' (GMB/CWU 1991).

Employer responses to the new industrial relations were generally found to be pragmatic and ambivalent, with overt instances of anti-unionism or de-recognition of existing unions relatively rare. Clark and Winchester (1994, p. 721) found evidence of a 'pragmatic and contingent rather than principled and strategic' approach, with few employers dis-

mantling or abandoning pre-existing industrial relations arrangements. Storey (1992) also found little evidence of a strategic approach and suggested that in most cases, new HRM practices were operating in parallel with collective industrial relations machinery. In some instances, unions appeared to be being increasingly left out, while in others, there were more explicit attempts at building relationships and an aspiration to work together on issues of organisational change. A new agreement reached between unions and management at Welsh Water in 1990 appeared to be an example of the latter, as part of an attempt to reform industrial relations following privatisation in 1989 (Thomas and Wallis 1998).

The early 1990s also saw other stakeholders present their visions of the future. The Involvement and Participation Association (IPA) published *Towards Industrial Partnership in 1992*, drawing on a project which brought together several prominent union leaders and industrialists to define the notion of 'partnership working'. Key principles identified included commitments to the success of the enterprise, trust, employee involvement, the legitimacy of each party, employment security and flexibility, information and consultation, effective and independent representation, and sharing of success (IPA 1992). The TUC also published an official response to the challenging climate in *Unions and HRM*. The document encouraged union engagement with new HRM practices, as well as a broadening of the agenda beyond collective bargaining and pay, to include health and safety, training and development, and equality and diversity (TUC 1994). For some, this position perhaps reflected a pragmatic acceptance that HRM and new management practices were here to stay with or without trade union support, or alternatively that the threat of HRM was more benign than initially anticipated (Beaumont 1996). For critics, however, union engagement with HRM and the broader management agenda risked jeopardising union autonomy, the potential to lose sight of the wider economic, social, and political objectives of unions and, ultimately, 'contributing to the demise of trade unionism while keeping trade unions alive' (Martinez Lucio and Weston 1992, p. 30).

Partnership as Political Project

While debates around the development of more collaborative partnership-type arrangements had clearly been ongoing between some unions and employers since the 1980s, it was not until 1997 that partnership received official and prominent government support in the UK. Inspired in part by the 'Third Way' and 'Stakeholding' thinking, notions of partnership at work were central to the New Labour government's attempt to 'modernise' employment relations (Ackers and Payne 1998; Martinez-Lucio and Stuart 2005). Partnership was said to be 'the only language the New Labour government will respect', and formal commitments to the approach were set out in the White Papers 'Fairness at Work' and 'Competitiveness through Partnership with People'. While clear definitions of 'partnership at work' remained elusive, a central message was the need to move away from 'old' conflictual relationships and to build 'modern' collaborative relationships (DTI 1998). However, in contrast to continental European ideas of social partnership, where unions, employers, governments, and other agencies are encouraged to cooperate and consult on issues of economic and social policy (Casey and Gold 2000), there was limited evidence of an appetite for developing the tripartite relationships of several European nations. The emphasis in Britain was to be partnership at the workplace and individual employer level. Though the introduction of a Statutory Recognition Procedure as part of 1999 Employment Relations Act demonstrated a more union-friendly tone, the emphasis was generally upon soft regulation rather than statutory intervention. In this vein, the government launched a 'Partnership at Work Fund' offering up to £50,000 for partnership projects between 1999 and 2004 (Terry and Smith 2003). The Advisory, Conciliation and Arbitration Service (Acas) and the IPA also expressed their support for partnership and provided advice and training to organisations seeking to pursue the approach (Acas 1999; IPD 1998).

The TUC also endorsed the partnership model. The TUC leader, John Monks, was an advocate of partnership unionism and suggested that it offered an alternative to short-termism, deregulation and anti-unionism, and the possibility of reconciling employee concerns with employee commitment and loyalty with worker concerns of fairness, dignity, and respect (Monks 1997, 1998). The official TUC position was

published in *Partners for Progress* and stressed how '[t]rade unions must not be seen as part of Britain's problems, but part of the solutions to Britain's problems ... working together to achieve common goals such as fairness and competitiveness'. A dedicated Partnership Institute was also set up in 2000, 'designed to help unions and employers develop effective working relationships which improve productivity, workplace performance and the quality of working life' (TUC 2003).

Several unions, including Amicus, GMB, Unifi and USDAW, publically endorsed partnership and published their own documents advocating the partnership approach (Earls 2002; GMB 1998; Jackson 2002; USDAW 1998). GMB emphasised the potential benefits of union recognition for employers, including meeting legal obligations, embedding effective consultation, as well as access to union expertise and training and development opportunities. They also provided cases studies outlining the mutual benefits of positive union-management relations. Unifi, the financial service union, also advocated a partnership stance, arguing that it aligns with what workers want from union representation and that militancy is unhelpful and gives unions an unfair image. However, partnership was not believed to mean unions would give up their role of defending employee interests (Earls 2002). Not all unions embraced partnership, however. Tony Woodley of the TGWU bemoaned the lack of government enthusiasm for a more comprehensive European-style social partnership and highlighted the vulnerability of voluntary partnerships without statutory support. Leaders of the RMT and ASLEF were also reported to be unenthusiastic about New Labour's partnership project (Murray 1999, p.xi).

Though not quite universal, support for partnership was certainly widespread by the late 1990s. It was also possible to discern some common themes, including an aspiration to build more cooperative workplace relations, for all parties to work together to promote business success, and to balance business priorities with employee interests (IPD 1998). Many of these resonate with the spirit of the New Style Agreements discussed earlier. In terms of industrial relations processes, extensive consultation and involvement in decision-making was a recurrent theme in the policy literature. Yet, while it may be relatively easy to get different stakeholders to agree that aspirations such as high productivity, cooperation, and prosperity are a 'good thing', it is perhaps more difficult to reach agreement

on how this might best be achieved. Employee voice and consultation was generally considered to be central to the practice of partnership of work (Johnstone et al. 2009), but there was little agreement regarding how consultation should work or who should be involved. The TUC unsurprisingly took the view that independent trade unions are a prerequisite for effective employee representation and partnership. Interestingly, while the IPA had advocated the need for *independent* representation in the early 1990s (IPA 1992), by 1998, their definition appeared to have become more inclusive, providing scope for partnership with and without trade union involvement. Those representing business interests appeared to prefer this more open definition, with both the Chartered Institute of Personnel and Development (CIPD) and Confederation of British Industry (CBI) proposing that partnership did not necessarily require trade unions (IPD 1998).

In practice, however, the partnership model appeared to pique the interest of unionised organisations, as part of an attempt to improve their workplace relations (Oxenbridge and Brown 2004). Overall it is estimated that 248 formal partnership agreements were signed in the period 1990–2007 (Bacon and Samuel 2009). Reasons for employer interest varied but generally included financial problems, to help facilitate change, as part of harmonising terms and conditions, to win public sector contracts, or as part of broader HRM change initiatives (Johnstone et al. 2004). Partnership also appeared to gain momentum in particular parts of the economy, including privatised public utilities, with agreements reached at Scottish Power, United Utilities, Thames Water, and Transco. Agreements were often explained as part of attempts to improve employment relations and transform the culture of these former public sector organisations (Thomas and Wallis 1998). Normally, a particular incident acted as a trigger; at one utility, for example, partnership was a response to a major dispute over pay and working time in the 1990s (Johnstone et al. 2004), while in another, it was the result of a health and safety scare which threatened plant survival (see Hoskin, Johnstone and Ackers, this volume). The highest incidence of partnership agreements in the private sector was in financial services, with at least 15 agreements struck in organisations, including Barclays, Co-operative Bank, Legal and General, and National Westminster. The British financial services sector has a long and distinctive tradition of both

union representation, and employee representation through in-house staff associations. However, deregulation and increased competition in the 1990s had resulted in attempts to reform the culture of these organisations, the implementation of new HR policies and practices, and subsequent industrial relations unrest (Storey et al. 1997). Other high-profile cases of partnership in the private sector included the retailer Tesco and the engineering organisation Rolls Royce, where partnership was part of a broader high-performance work systems agenda (Upchurch et al. 2008). In most of the cases noted above, the partnership route was not inevitable; employers could potentially have taken a more hard-line approach, perhaps derecognising or bypassing trade unions. In reality, employers tended to be more pragmatic, attempting to improve existing union relationships and eschewing a macho management approach (Johnstone et al. 2004; Johnstone et al. 2010).

The success of the above agreements has been the subject of extensive academic research, although the findings have been inconclusive (Johnstone et al. 2009; Johnstone, 2014; Wilkinson et al. 2014). Critics suggest that partnership arrangements appear to deliver negligible gains for workers or trade unions when evaluated against criteria such as wages, hours worked, holidays, job security, and number of job losses (Kelly 2004). Others suggest partnership has weakened unions and reduced worker influence over their terms and conditions (Gall 2008), as well as contributing towards greater work intensification and job insecurity (Danford et al. 2014; Upchurch et al. 2008). More positive assessments reveal some benefits, including stronger union organisation, enhanced union access to key decision-makers, less conflict, improved consultation and involvement processes, and more informed business decision-making (Glover et al. 2014; Johnstone et al. 2010; Samuel 2014; Whyman et al. 2014). The different findings suggest that the outcomes of partnership may be contingent upon a range of contextual factors, and may also depend upon how we assess outcomes. It is interesting to note, for example, that while critical scholars tend to focus upon 'hard' quantitative labour outcomes, more positive assessments include qualitative 'soft' outcomes such as the quality of relationships and perceived fairness of organisational processes and procedures (Evans et al. 2012). This is not to say that hard outcomes are not important but that they may only reveal a partial picture; indeed, soft gains may even be a

precursor to hard gains (Glover et al. 2014). The spread of partnership can also be viewed as evidence of the failure or success of partnership. On the one hand, formal partnerships remain an activity involving only a minority of British employers and is far from being a dominant approach to employment relations. It has certainly not led directly to the renaissance of the trade union movement in Britain. On the other hand, partnership has made some significant inroads, with 10 % employees now working in organisations with partnership agreements compared with 1 % in 1997 (Bacon and Samuel 2009), and many of these agreements have been signed in high-profile private sector firms, including Barclays, Jaguar Land Rover, Rolls Royce, and Tesco. Partnership is also the preferred employment relations model of the National Health Service (NHS), the largest employer in Europe and one of the largest in the world. These are exactly the kind of organisations we find in HR textbooks as exemplars of ‘best practice’ and ‘strategic’ HRM. The adoption of a partnership approach in these organisations would seem to confirm that partnership is highly compatible with other HRM concepts and techniques (Kochan and Osterman 1994), and that there is scope for greater diffusion of the partnership model across the economy (Johnstone 2015). Survival of these voluntary agreements can also be a measure of success as neither party is bound by a partnership agreement, but the evidence suggests partnership agreements have been relatively enduring and abandoned only in exceptional circumstances such as employer closure (Bacon and Samuel 2009).

The Future of Partnership in the UK Context

The future of partnership would appear to be mixed, with some significant challenges to be overcome, as well as some potential opportunities. Firstly, the momentum achieved as a result of state support during the first term of the New Labour government (1997–2001) was quickly lost. Trade unions and individual trade unionists also became increasingly divided on the merits of partnership, and the notion was criticised by several union leaders as a rather pale imitation of European social partnership. The emphasis of partnership on consultation, traditionally viewed in Britain as the poor relation of joint

regulation (Terry 2003), was also problematic. An opportunity to consolidate partnership was the European Union (EU)-driven Information and Consultation Directive (ICE), which aimed to promote basic standards for collective voice and consultation across the EU member states. While in many EU nations the requirements of directive were already a matter of course, in Britain, it seemed to offer an ideal opportunity to set some minimum expectations for employers, as well as to promote partnership approaches more generally. However, presumably keen to assuage business concerns, the Blair government promoted the information and consultation as part of a High-Performance Workplaces agenda, rather than ensuring basic rights across Europe (DTI 2002). The preferred approach was also to prioritise subsidiarity, voluntarism, and employer choice (Hall and Purcell 2011). Unions were also concerned about any potential threat to their role as the natural representative of worker voice and the government's attempt to implement the legislation in a minimalist way. Because of failure to win over the government, employers, and unions, the EU directive became 'an idea without a constituency' (Hall and Purcell 2011, p. 86). While the impact of the regulations has generally been considered to be limited (Butler et al. 2015), there is some evidence to suggest that they at least encouraged employers to review their information and consultation arrangements (Marchington 2015) and also 'nudged' multinationals, in particular, to improve their processes (Donaghey et al. 2014).

Though New Labour were often criticised on the basis of their ambivalence, the election of a Conservative–Liberal Democrat coalition in 2010 and a majority Conservative government in 2015 puts things in perspective. Current debates concerning a new Trade Union Bill, which among other things proposes higher thresholds for strike ballots, suggest a preference for a tougher stance on trade union activity and has attracted widespread criticism from academics, unions, and human rights organisations. The CIPD have described the proposals as a 'counterproductive' and 'outdated response', at a time when their research suggests employer relations with unions are generally good (CIPD 2015).

A questionable political environment does not mean, however, that partnership is completely dead and buried. The IPA continues to promote partnership ideas alongside other employment relations activities, including employee engagement, equality and diversity, and conflict resolution. The 2009 MacLeod Review on employee engagement suggested ‘synergies between engagement approaches and partnership working between unions and employers ... many organisations with partnership agreements emphasised to us that it complemented and enhanced their engagement strategies’ (MacLeod and Clarke 2009) and provided examples of partnership ‘best practice’. The TUC may no longer use the language of partnership, but still promotes partnership-oriented activities in areas including Learning Partnerships and the Union Modernisation Fund, and individual unions continue to sign new partnership agreements with employers. There are also grounds for optimism for partnership at the workplace level. The EEF, the employers association for manufacturing, suggests that in recent years, their members have typically worked together with unions to take a long-term view and jointly identified solutions to organisational change (Podro 2010). Acas and the IPA also report a desire among many unions to work as ‘partners in change’ to seek mutually acceptable solutions (Johnstone 2015).

Conclusion

The purpose of this chapter was to provide an overview of the evolution of participation and partnership in the institutional context of the UK. The chapter has suggested that, depending on how we define and interpret the notion of partnership, its roots can be traced to both unitarist attempts at increasing workforce cooperation in the nineteenth century and pluralist concerns with developing robust systems of collective employee representation in the twentieth century. Contemporary notions of partnership appear to share some of the assumptions and ideas of both these schools of thought. Indeed, it appears to lie somewhere in the middle ground, concerned that, while unitarists underestimate the potential for conflict and differences of interest in organisational life, pluralists also underestimate the potential for some level of constructive dialogue and

joint working on issues of common interest. While there have been various bursts of interest in encouraging greater cooperation between unions and employers, especially around issues of productivity and efficiency, it was not until the 1980s that some unions began to explicitly attempt to build legitimacy in the eyes of employers as part of 'New Industrial Relations' and 'New Unionism'. It was this collaborative approach that was to become the mantra of the New Labour government of 1997.

In practice, however, the success of the partnership project was hampered by a lack of agreement concerning what partnership actually meant, how to distinguish between partnership and non-partnership, who should be involved, and what it was meant to achieve. Some even questioned the underlying principles of partnership (Kelly 1996). Given this lack of coherence, it was perhaps inevitable that partnership seemed to have run out of steam after the Labour government's first term in office. The lack of engagement with the EU-driven information and consultation agenda appears to have been a missed opportunity to spread partnership, by setting out basic standard and promoting some of the potential benefits of such models. The existing policies of the current Conservative government would suggest the prospects of state support for labour-management partnership are bleak. There are some grounds for optimism, however. The partnership debate undoubtedly put issues of collective employee representation and the future of trade unionism back on the agenda. It also encouraged many employers to review their employment relations approaches and spurred many high-profile organisations to attempt to improve the nature of their relationships with trade unions. Many of these agreements have been relatively enduring. There is also empirical evidence that suggests partnership can deliver potential benefits to employers, employees, and trade unions.

However, the efficacy and desirability of partnership remains contested, especially in the context of the UK. The language of Pateman (1970) is useful in explaining why. For critics (see Danford and Richardson, this volume), partnership represents pseudo participation, serving to persuade or dupe employees into accepting decisions which have already been made. The aim should be full participation and greater economic and industrial democracy, where all members have equal power to decide. For partnership advocates (see Donaghey, this volume), partnership

offers partial participation, promoting consultation and providing the opportunity to influence and persuade, but not necessarily the power to decide. From this perspective, this is surely better than no voice at all. The central argument of this chapter is that, while clearly challenging in the context of a liberal market economy such as the UK, it would be short-sighted to simply dismiss partnership as something which is doomed to failure. Islands of partnership can survive at the workplace level, despite a seemingly inhospitable national institutional context, as chapters 9 to 13 in this volume reveal. In the short and medium term, the collective voice afforded through partnership arrangements is certainly better than none at all, and this is important in a context where trade unions and employee consultation are simply no longer fashionable. Should the support of unions, employers, and perhaps most crucially governments be forthcoming, the long term reach of partnership is likely to be far wider.

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5

Workplace Partnership in Ireland: Irreconcilable Tensions Between an 'Irish Third Way' of Voluntary Mutuality and Neoliberalism

Tony Dobbins and Tony Dundon

Introduction

This chapter provides an overview of the national institutional context and state policies in promoting voluntary workplace partnership in the Republic of Ireland. Workplace partnership is distinct from national-level social pacts in that in the former, it is claimed by advocates that participants actively engage in social dialogue leading to more informed decision-making for the good of all stakeholders at organizational level. In contrast, social partnership at national level comprised consensus-seeking pacts between government, employers and trade

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unions, whereby the parties engaged in centralised bargaining over key macroeconomic and social issues. Ireland has promoted national-level social partnership from 1987 until its collapse in 2009, with a distinct objective of diffusing collaborative partnership to enterprise level. The two levels—national and workplace—are not mutually exclusive and interlink in important ways. National policy and institutions shape the context in which workplace-level cooperative arrangements are enacted and played out. Tripartite bargained consensus at a national level—involving government, employers and unions as the major ‘partners’—was seen as a precursor to the efficacy of workplace-level partnerships.

The chapter argues that it is highly significant that both levels of partnership were predicated on a highly voluntarist tradition of employment relations. It posits that the extent of such voluntarism failed to insulate the system from global neoliberal market forces. Location within Ireland’s open neoliberalised economic system means that collaborative partnership remains vulnerable. In many ways, the voluntary nature of partnership constitutes an ‘Irish third way’ between state-sponsored social democracy and market neoliberalism.

Interest in partnership in Ireland occurred against a backdrop of the decline in collective bargaining and union density in most ‘English-speaking’ market-type economies from the 1980s onwards. In Ireland, partnership born in the late 1980s was a response to economic recession and crisis at the time (Gunnigle 1998). The practices associated with workplace partnership include active cooperation between management and worker representatives; parallel direct employee involvement schemes; teamwork; and a range of complementary Human Resource Management (HRM) practices, notably financial participation, employment security and training (Kochan and Osterman 1994; Johnstone and Ackers 2014; Wilkinson et al. 2014). A key premise of workplace partnership expounded by its advocates is that while management and worker interests may diverge, opportunities exist to develop more cooperative problem-solving processes which can deliver mutual gains for all stakeholders and enhanced organizational performance outcomes in response to competitive pressures (Guest and Peccei 2001). A useful barometer of the delivery of mutual gains is the relative extent

of success or failure in balancing employer concerns with efficiency alongside worker (trade union) concerns with equity and voice at work (Budd 2004).

In Ireland, workforce cooperation and innovation have figured prominently in academic and policy debates about enhancing national competitiveness (Gunnigle 1998; Roche 2007; O'Connell et al. 2009; Dobbins 2010). Ireland's period (the mid-1990s to the mid-2000s) known as the Celtic Tiger certainly witnessed substantial economic growth combined with a concerted policy promoting the diffusion of national partnership to enterprise levels (Ó Riain 2014; Roche and Teague 2014a). However, post 2008, the legacy of the global financial and economic crisis has meant that many countries and organizations are still dealing with the repercussions, notably austerity. Consequently, the theme of mutuality has often been recast, with a focus on the relative distribution of pain rather than an equalizing of cooperative gain (Butler et al. 2011; Kaufman 2014). The socioeconomic impact has been particularly acute in Ireland, which has been badly hit by the financial and economic crisis or 'Great Recession' (McDonough and Dundon 2010; Roche and Teague 2014b).

The Republic of Ireland therefore offers an interesting context for examining voluntarist rather than regulated workplace partnership. The chapter considers the interplay between national institutional arrangements of social partnership and workplace-based arrangements in Ireland. The second section describes the historical origins and subsequent demise of partnership at both national and workplace levels. The third section analyses the institutional context in greater detail, especially the contradictions and tensions involved in combining voluntarist mutuality and neoliberalism. Three related arguments are presented. First, the system of 'voluntary' regulation restricts the capacity of management–employee mutuality to grow in practice. Second, weak 'institutional complementarity' discourages owners from taking the risks associated with the power-sharing required to diffuse meaningful cooperation at workplace level. Finally, the structure of Ireland's neoliberalised capital accumulation model means there is a high probability that employers, even when they want to, will find it difficult to 'keep workplace bargains' owing to disconnected capitalist market forces. The chapter then concludes that the prognosis and future outlook for voluntarist-based workplace partnership is not very encouraging.

The Rise and Fall of Partnership in Ireland

National (Social) Partnership

As indicated above, Irish employment relations in recent years have been characterised by both national (social) partnership and workplace partnership, with the former preceding and influencing the latter (Roche 2007; Regan 2012, 2013; Ó Riain 2014). The interplay and tensions between the cooperative character of Irish social partnership and globalised structures of profit accumulation are rarely subject to critical analysis. For a time, social partnership seemed to set Ireland apart from the deregulation associated with global neoliberal trajectories of capitalist accumulation. Partnership during the Celtic Tiger years was seen to partially shield workers from the worst excesses of free market capitalism. Partnership was related to job growth and rising living standards for many. It may even be suggested that social partnership democratised Irish society insofar as interest groups like unions had a voice at the tripartite bargaining table.

Unlike other liberalised economies, therefore, Ireland developed a consensus-oriented centralised bargaining system between 1987 and 2009. Social partners negotiated pay, tax rates and other economic and social issues at national level—initially in response to national economic crisis (Roche 2013; Teague and Donaghey 2009a, b). Conventional wisdom is that instead of emulating the confrontational neoliberal agenda of Thatcherism in the UK, Irish policy-makers in the 1980s adopted voluntary social partnership as an alternative and more inclusive democratic governance framework. The first *Programme for National Recovery* (PNR) agreement in 1987 and subsequent partnership agreements were ostensibly directed towards facilitating a consensus around national identity rather than sectional self-interest. This incorporated a consensual discourse of cooperation and mutual gains that was more appealing to the Irish trade union leadership than the hostile adversarial industrial relations climate (including the bitter 1984 miners' strike), union exclusion and de-recognition then occurring under Thatcherism in Britain (MacSharry and White 2001). Therefore, in contrast to unions being bludgeoned by Thatcherism in Britain or Reaganite monetarism in the USA, Irish

unions had substantial access to influence government through ‘social partnership’, a centralised wage bargaining process that also included participation in broader social policy, taxation and welfare decisions.

The stagflationary economic crisis during the 1970s and 1980s created the impetus for Irish social partnership to emerge. Donaghey and Teague (2007: 20) point out that during the 1970s and 1980s, Ireland was on the verge of an ‘economic abyss’, with unemployment averaging 16.8 % and national debt as much as 117 % of GDP. The first national agreement in 1987, the PNR, prioritised economic stability and tax reform. Seven uninterrupted partnership agreements ensued between 1987 and 2009, culminating in the final agreement, *Towards 2016 Department of the Taoiseach* (2006).¹ Department of the Taoiseach. (2006) The latter was subject to review in 2008 as the economy began to implode due to the financial and economic crisis, which hit Ireland particularly severely.

Social partnership subsequently collapsed in late 2009 when the government imposed a series of austerity measures and public sector wage cuts, aimed at tackling a spiralling financial deficit and rescuing a failed banking system by providing a €64 billion blanket guarantee of bank debts (the Irish crisis was above all a systemic failure of its bloated banking sector). Ireland was on the brink of bankruptcy in 2010 and had to relinquish sovereignty by receiving a €85 billion bailout fund from the external ‘troika’ of the European Commission, European Central Bank and International Monetary Fund, which imposed harsh ‘medicine’. The troika bailout had conditions attached, aimed at cutting the deficit through various austerity measures, public spending cutbacks and a range of reforms, some of which had implications for weakening wage-setting institutions. In exchange for providing financial loans to pay the debts of banks and private creditors, the troika imposed neoliberalization and deregulation of labour market institutions, in addition to deep cuts in public expenditure and public service pay. In this regard, the troika furthered neoliberalised Ireland’s already neoliberal political economy

¹ The seven Irish national partnership agreements are as follows: 1987, Programme for National Recovery (PNR); 1991, Programme for Economic and Social Progress (PESP); 1994, Programme for Competitiveness and Work (PCW); 1997, Partnership 2000; 1999, Programme for Prosperity and Fairness (PP&F); 2001, Sustaining Progress; 2006–2016, *Towards 2016*. In 2010, a public sector-only worker agreement was negotiated, the Public Service Agreement 2010–2014 (otherwise known as the Croke Park Agreement).

(Regan 2013). Ireland was released from official troika control in late 2013 after 3 years, but the shock treatment is still reverberating.

It is significant that Ireland's brand of voluntary 'competitive corporatism' did not contain the same sort of institutionalised co-determination rights evident in social pacts in other parts of Europe (Baccaro and Simoni 2007; Regan 2012, 2013; Roche 2007, 2013). The primary emphasis in successive national agreements was on economic competitiveness, growth and job creation, and on an economic exchange of pay moderation for tax reduction. Egalitarian notions of distributive justice were in tension with tax reductions and relatively low social provision, and a system of wage arrangements that paid relatively limited attention to broader wealth redistribution or targeting inequality.

The location of Irish-style social partnership within a broader globalised neoliberal accumulation model, rather than a more egalitarian-focused social democratic model, meant there were various contradictions. For example, social partnership in Ireland was rooted in the continuation of a voluntarist tradition with minimal statutory employment rights. One stark contradiction was the inclusion of trade unions in macroeconomic governance through national partnership yet the simultaneous refusal to legislate for statutory trade union recognition rights for collective bargaining (Dundon and Collings 2011). Employment rights that do exist at workplace level were often begrudgingly legislated for only in response to mandatory European directives, and then usually transposed in a 'light touch' manner; notable is the minimalist response by the Irish government to the European Union (EU) Information and Consultation Directive (Geary and Roche 2005; Dundon et al. 2006). Above all, it was contradictions within economic policy that explain the eventual collapse of social partnership in Ireland in late 2009, namely: considerable fiscal reliance on tax reductions and property transactions (with a subsequent bursting of the property 'bubble') at the same time as pressures for public expenditure rose from 2005, explosion of bank lending in a weakly regulated financialised regime and bloated banking system, and deteriorating pay-cost competitiveness (pay moderation) from the early 2000s (McDonough and Dundon 2010; Roche 2013). These contradictions were irreconcilable in the teeth of a major crisis.

Workplace Partnership

Turning to the linkage between national and workplace partnership, during the mid-nineties, many observers felt that social partnership was overly ‘macro’, resulting in perceived neglect of workplace-level governance (Gunnigle 1998; Roche and Teague 2014a). Both employer associations and trade unions supported public policy objectives, contained in national agreements, to diffuse partnership to the workplace level, but for differing reasons. Employers saw workplace partnership as a way to enhance organizational performance and competitiveness. However, trade unions saw potential in partnership for securing greater influence over business decision-making, and a step on the ladder towards industrial democracy.

Despite these competing views about the purpose of workplace partnerships, the government and social partners formulated public policies designed to diffuse workplace partnership, guided by overarching (voluntarist) national framework agreements. National framework agreements accommodated divergent interest among actors by allowing for multiple forms of partnership and by avoiding any prescription that specified the scope and range of issues that could be addressed through social dialogue. The emphasis was on ‘soft’ and ‘minimalist’ alternatives to any ‘harder’ and ‘mandatory’ laws to embed workplace participation (Dobbins 2010).

Therefore, from the mid-1990s, a key aim in national-level agreements was to engender more cooperative ‘enterprise-level’ partnerships in Ireland on a voluntary basis. Successive centralised agreements, starting with the *Partnership 2000* (P2000) national pact, adopted generalist public policy guidelines on workplace partnership, defined in P2000 (1997: 52) thus:

Partnership is an active relationship based on recognition of a common interest to secure the competitiveness, viability and prosperity of the enterprise. It involves a continuing commitment from employees to improvements in efficiency and quality; and the acceptance by employers of employees as stakeholders with rights and interests to be considered in the context of major decisions affecting their employment.

A tripartite National Centre for Partnership—subsequently re-branded as the National Centre for Partnership and Performance (NCPP)—was specifically introduced with a remit to diffuse workplace partnerships across the public and private sectors. The NCPP set about advocating and disseminating partnership ‘best practice’, facilitating networks of partnership organizations to share ‘best practice’, conducting research on partnership, providing training for partnership facilitators, serving as an external support to reassure actors involved in workplace partnerships and overseeing public policy experimentation and coordination of partnership activities by different bodies to more widely diffuse partnership (NCPP 2001; Teague 2004). In 2002, the NCPP attempted a further boost to workplace partnership by persuading the then incoming Coalition Government to introduce a new Forum on the Workplace of the Future (Department of the Taoiseach 2002; NCPP 2003). The Forum reported in 2005, presenting a national workplace strategy targeted at accelerating the scale of workplace innovation. Funding was made available, and a national innovation fund and a ‘high-level implementation group’ to coordinate and monitor policy were launched (NCPP 2005). Furthermore, the NCPP attempted to raise the public profile and visibility of partnership at work through extensive TV and radio exposure and advertising on public transport. However, such initiatives did not significantly increase the spread of workplace partnerships, and questions were raised about their effectiveness (Department of the Taoiseach 2009; Roche and Teague 2014a). The crisis took over, and national social partnership collapsed in late 2009, followed by the demise of the NCPP in 2010 amidst public sector cuts and reform.

In Ireland, like elsewhere, voluntarist workplace partnerships have attracted contentious debates between advocates and critics about their impact. Critics argued that over-reliance on the institutions of workplace partnership, union incorporation as partners with management and moderation of conflicting demands resulted in weakened labour and unions as they lacked effective mobilizing capacity to challenge and resist management at firm level (Allen 2000; D’Art and Turner 2005). In contrast, sympathetic advocates were much more optimistic about the prospects for workplace partnership in Ireland and pointed to mutual gains (O’Donnell and Teague 2000; Geary 2008). Other scholars observed

that (partial) mutual gains might be possible but only under rare specific circumstances, and even then, voluntary partnerships were unlikely to endure in the longer term in the face of turbulent external conditions and absence of harder institutional supports (Dobbins and Gunnigle 2009; Dobbins 2010). In short, the balance of power tends to favour managers not employees or unions, with an overriding focus by employers on efficiency and performance rather than on worker (union) goals of equity, voice and democracy (Budd 2004).

Despite the hopes and projections of advocates, the reality is that despite experimentation with a myriad of collaborative practices, empirical evidence points out that workplace partnership was and is limited in Ireland, even during the high watermark phase in the early 2000s when partnership was being widely touted by policy-makers as a pillar of the Celtic Tiger boom. Scholars began to question why meaningful partnerships seemed to be rare in the private sector given the plaudits of advocates, or were more common in the public services given much higher trade union density levels, yet were still largely restricted to minor employee voice issues (Gunnigle 1998; Roche 2007, 2013).

In a comprehensive survey of employee views and experiences of workplace governance (O'Connell et al. 2009), substantial majorities of employees said they are not regularly provided with key business or work-related information. For example, less than half of private sector employees are informed about the level of competition facing their firm, and less than one-third of private sector workers receive regular information about the organization's budget. Just over one-third of employees receive information about plans to change work practices. While just over 21 % of all employees reported the presence of formal partnership institutions at their workplaces, only about 4 % of all employees are personally involved in such forms of employee representation (down from 6 % when the same question was asked in 2003). Public sector employees, with much higher levels of union presence and membership, were much more likely to report the existence of formal partnership institutions in their workplace (41 %) than private sector employees (16 %). But even in the public sector, just less than 8 % of employees said they were personally involved in such institutions, compared with 3 % of private sector employees (O'Connell et al. 2009).

Evidently then, from the present standpoint, advocates of workplace partnership exaggerated the spread and scope of cooperative partnership as an emerging new model of workplace governance. Over time, widely lauded exemplars of partnership like Waterford Crystal, Aer Rianta, Tegral Metal Forming and Allied Irish Bank have fallen by the wayside in the face of internal tensions and external pressures. Today, in the aftermath of the ‘Great Recession’, workplace partnership appears very much a minority practice and exists alongside the much more prevalent tendency for managerial-led and dominated employee involvement and HRM practices. Overall, partnership is apparently being displaced in the few pockets where it existed and unions have rarely been active ‘partners’ in organizational responses to recession (Teague and Roche 2014). Meanwhile, partnership in the public sector was negatively impacted by austerity post the 2008 crisis. The *Public Service Agreement 2010–2014* (known as the Croke Park Agreement), concluded between public service employers and unions, was a bilaterally negotiated approach to public sector retrenchment. Yet, in practice, partnership was largely decoupled from the public service reform implementation process (Roche and Teague 2014a).

The Irish experience illustrates that attempts to instil a voluntarist form of workplace partnership failed for the most part. For the past 50 years, successive Irish governments of all political persuasions have prioritised a policy of economic openness. The centrepiece of Irish political economy, seemingly driving other policy areas, is the overriding concern to attract and retain foreign direct investment from multinational corporations (MNCs), the USA above all (Collings et al. 2008). In this context, legislation for mandatory workplace partnership was a no-go zone, due to fear of frightening away multinationals, who object to any form of labour market regulation. Evidently, foreign MNCs exert a lot of power over Irish public policy. The collusion of the government with multinational capital has resulted in a dilution of regulatory impacts for collaborative labour–management participation, such as the EU ICE Directive (Dundon et al. 2014). To further understand the nature of public policy and the governance of regulations shaping workplace partnership in Ireland, it is vital to contextualise partnership against a broader landscape of global neoliberal path dependency.

Workplace Mutuality and (Disconnected) Neoliberal Capitalist Accumulation

In this section we expand on the above, presenting three related arguments outlined in the introduction, to elaborate why workplace partnership is rare in Ireland and does not typically endure.

First are the ‘problems with voluntarist regulation’. The Irish system of industrial relations is regarded as voluntarist, which means that any bargain or settlement between employers, employees and their representatives is based on the assumption that all sides will honour agreements, rather than rely on extensive legal regulation and enforcement of rules and agreements (Flanders 1970). The dynamic of such a voluntarist regime is inevitably complicated by contextual forces that evolve over time, which alter the relational power between the parties involved. It appears convincing that even with strong unions and senior management support, various external pressures relating to product markets and institutional regulation, workplace cooperation is rare and evident only in very ‘specific’ circumstances. The point about ‘specificity’ is important and implies that workplace partnerships are not universal and cannot typically flourish and endure in inhospitable institutional environments. Collaborative mutuality through partnership seems most likely where competitive postures are oriented towards skill, innovation and quality, and when workplace practices underpin value-added participation and employee inclusion (Murray et al. 2002; Belanger and Edwards 2007; Dobbins and Gunnigle 2009). However, even where they do take root, voluntarist workplace partnerships typically do not endure.

One reason for a lack of sustainable partnerships is what Teague and Hann (2010) term ‘the trinity of meaningful partnership practices, traditional collective bargaining and management’s right to manage’. These can be difficult to balance in parallel on a sustainable basis under voluntarist arrangements, with few, if any, constraints on actor behaviour. This chimes with Budd’s (2004) dimensions of efficiency, equity and voice, and difficulties in balancing them. Under voluntarism, the requisite conditions do not exist for managers and workers (unions) to make repeated trade-offs and risks required for long-lasting cooperation. In

the absence of externally mandated legislative interventions, management rarely relinquish their prerogative or share power resources with employees and unions in pursuit of meaningful voice in workplace governance (Martinez-Lucio and Stuart 2005; Teague and Hann 2010). Consequently, as Godard (2004) points out, where cost competition-related factors dominate, management tend to limit employee involvement, with few resources devoted to genuine cooperation. Overall, workplace-level partnership appears fragmented and unequal due to voluntarism favouring employer power and prerogatives, especially in a broader political economy context of neoliberalism.

The second strand in the argument is that weak institutions mean employers are reluctant (unsupported) to take the risks required to embed meaningful cooperation with workers (unions). The 'Varieties of Capitalism' literature distinguishes between institutional contexts in liberal market economies (LMEs) and coordinated market economies (CMEs) (Hall and Soskice 2001; Wilkinson and Wood 2012; Wood et al. 2014). The characteristic features of LMEs include economic free market principles, little inclusion of the social partners in governing macroeconomic issues and regulations are minimal in restricting business or protecting citizens and workers. The USA, the UK, Australia, as well as Ireland are often described as possessing these liberalised tendencies. In contrast, CMEs include the likes of Austria, Belgium, Denmark, Finland, Germany, the Netherlands and Sweden, which have complementary linkages between institutions promoting cooperation across various levels. Institutional complementarity is an important determinant affecting mutual cooperation: Institutions are complementary if the presence of one institution enhances the efficiency of others (Streeck 2005).

Some scholars have correctly cautioned against drawing overly sharp 'ideal type' distinctions between LMEs and CMEs (Wood et al. 2014). The Irish institutional context offers an interesting unit of analysis in this regard and has been seen as a more hybrid configuration of these LME and CME features (Hamann and Kelly 2008). Teague and Donaghey (2009a, b) prescribe to the hybridization thesis, attributing it to a unique institutional configuration. Among other features, these included: unions conceding pay moderation for job growth; accepting greater market liberalization; accommodating 'non-union' systems for worker voice,

often among inward-investing MNCs; support for a minimalist welfare state; and the light-touch adoption of European employment rights. Teague and Donaghey (2009a) provide a valuable commentary about the potential of Ireland's institutional model for fostering collaboration. However, as noted in the previous section, Ireland's social pact consistently failed to diffuse cooperation to local levels, and the role of institutional complementarity appears to fall short of the requirements for cooperative power-sharing (Dobbins 2010).

Long before the financial crisis, social partnership in Ireland was deficient in the level of complementarity deemed necessary for the architecture of 'institutional comparative advantage' (Hancke et al. 2007: 5). Importantly, such complementarity across different institutional agents and levels determines the degree to which a political economy is coordinated in pursuit of redistributive wealth, power and competitiveness. Arguably, Ireland gravitated towards a promiscuous neoliberal regime more akin to the US free market regime than the coordinated egalitarian regulation of the European social model (Roche 2007). The path-dependent institutional effect of Ireland attracted multinational capital into a complementary neoliberal market regime, underpinned by state sponsorship and support via low corporation tax and minimal employment regulation. A consequence is that while the Irish model displayed elements of cooperative collaboration during the 'social partnership era', the pervasiveness of neoliberal capitalism resulted in an imbalance of benefits distributed to capital at the expense of labour (McDonough and Dundon 2010). The extent to which multinational capital utilises Ireland as a channel for global tax avoidance and tax minimization agreements is now widely known, with exclusive arrangements made with American corporations by the Irish government. Although the headline level of corporation tax is 12.5 %, the true figure is estimated to be as low as 2.5 % for key MNCs (Stewart 2013; Houlder et al. 2014).

Overall, in regimes predicated on excessive voluntarism and neoliberal institutional dependency, workplace partnerships are feasible but likely to be rare (Belanger and Edwards 2007; Dobbins 2010; McLaughlin 2013; Simms 2015). Arguably, stronger regulation in the form of proactive rights and state institutions designed to redistribute power may be a necessary condition for sustainable cooperation to be diffused more widely

to workplace levels. As Streeck (1997: 201) has argued, 'the mere possibility of defection, as is by definition inherent in any voluntary arrangement, can damage the positive effects of workplace cooperation'.

The third part of the argument is shaped by the theory of disconnected capitalism (Thompson 2013). Capitalism has systemic properties and pressures for accumulation that are mediated by institutional variation across national political economies (Hauptmeier and Vidal 2014). In this regard, Ireland's exposure to global market forces and its high dependence on multinational capital mean that employers can easily, and often do, renege on workplace bargains struck with employees. The view is that there are powerful contradictions inherent in neoliberal capitalist regimes which exacerbate disunity between institutions, corporate governance systems and actors, and employment regulation. Given these acute structural tensions, Thompson (2013) observes that actors within liberal market regimes find it increasingly difficult to make connections between cooperative objectives in the spheres of work and employment. Consequently, employers and managers find it hard to keep their side of not only explicit negotiated bargains, but also the implicit social side of the work–effort exchange, such as psychological contract violation (Cullinane and Dundon 2006). One explanation as to how and why capitalism is disconnected in these ways relates to the dominance effects of neoliberal structures for financialised accumulation.

The instabilities and disconnections are evident in the Irish context, where the institutional configuration of national partnership and voluntarist workplace cooperation crashed against the excesses of global neoliberalism and a broken banking system. Arguably, tensions between minimal regulation and employer prerogatives suggests that there remains a high probability that managers risk renegeing on both implicit and explicit deals negotiated with workers (unions). This applies even in organizations like Aer Rianta, Allied Irish Bank, Tegral Metal Forming and Waterford Crystal, where there were conscious attempts to construct local cooperation and partnership; yet such initiatives collapsed under the weight of external competitive pressures and failure to balance internal tensions between efficiency, equity and voice. Given the voluntarist nature of Irish partnership and the

minimalist approach to employment legislation within its neoliberal political economy, employers are well placed to easily circumvent contractual obligations and expand precarious work conditions. Protests by workers in Vita Cortex, Lagan Brick, La Senza, Game, Waterford Crystal, SR Technics and Thomas Cook reflect the difficulties faced by employees in persuading employers to honour the terms of workplace bargains and arrangements (Regan 2013).

The Prognosis for Workplace Partnership in Ireland?

Voluntary partnership constitutes an ‘Irish third way’ between state-sponsored social democracy and market neoliberalism. This chapter has presented three related arguments to explain why voluntary workplace partnership will not typically endure. The attempt to slot voluntary partnership within a neoliberal model resulted in a number of contradictions impacting the hybridised ‘third way’ arrangement (see Table. 5.1). These contradictions help explain the demise of both national (social) and workplace partnership. In Ireland, it appears that the worst aspects of market neoliberalism were partially masked by the voluntarist institution of partnership for a short period. In reality, voluntarist cooperative

Social partner consensus	v Neo-liberal path dependency
Unions as social partners at macro level	v Unions excluded at the workplace
Employers want competitive partnerships	v Unions want equity, voice, democracy
Partnership and mutuality	v Weak labour market regulations
Policy support for workplace partnership	v Opposition to ICE Directive
Low taxation	v Increased public spending pressures
Pay restraint	v High cost of living

Table. 5.1 Contradictions in the Irish ‘Third Way’: Voluntary mutuality and neoliberalism

mutuality remained unstable given the lack of strong legal, social and political structures necessary for a more egalitarian exchange of the reward–effort bargain. In this context, it has proven to be very difficult for employers to sustain a robust and enduring balance between reconciling their efficiency priorities with employee (union) priorities regarding greater equity, fairness and voice at work (Budd 2004). Industrial democracy was not on the agenda, collective employment and trade union rights were opposed and power relations between employers and workers (unions) were grossly asymmetrical. For McDonough and Dundon (2010), the global financial crisis, compounded by local crises (the property bubble crash and the banking and fiscal crises), exposed the contradictions inherent in social (and workplace) partnership, resulting in the demise of experiments with mutuality in Ireland.

In view of this assessment, the prognosis for workplace partnership generally does not look favourable. This is mainly because the institutional context of partnership in Ireland (at national and local levels) contains tensions between voluntary mutuality and factors associated with continued path dependency for neoliberalism by the state, its agencies, employers and other actors. For the foreseeable future, it would appear that the state, employers and unions remain locked into a status quo that militates against enduring workplace cooperation. At best, government agencies and employer bodies tend to view labour regulations and trade union bargaining as something to be begrudgingly tolerated, or worse, as negative institutional interferences to be aggressively resisted (Gall and Dundon 2013).

In terms of advancing alternatives to voluntarist mutuality, there is unlikely to be much meaningful national-level activity by Irish governments under the EU Information and Consultation of Employees (ICE) regulations without EU-prompted impetus. A possible (partial) response would require a European-level review of the EU ICE Directive to provide more robust legislation to compel parties to move to a more equitable power balance between efficiency, equity and voice, especially in LMEs. Indeed, this seems to be what the Directive originally intended, unlike the present ‘legally promoted’ flexible arrangements, which incentivise employers to implement information and consultation

bodies that fall short of genuine mutual gains collaboration (Dobbins and Dundon 2015). Yet the portents are not good, because in recent times, EU policy-makers have preferred ‘softer’ social dialogue edicts that give Member States considerable scope to transpose arrangements that suit their national circumstances, rather than harder legal constraints (Streeck 2005). In Ireland and the UK, that has translated into preserving voluntarism—rather than more robust regulations for employee information and consultation.

The outlook with regard to employer postures is that partnership seems conditional on a search for value-added outcomes such as performance and organizational efficiency, not necessarily the goals of equality, fairness or robust voice. It could be advanced that it is in the interests of ‘good industrial relations’ for some employers to embrace open cooperative dialogue to prevent competitive undercutting by low-road employers. Although not without challenges, recent examples of cooperative arrangements in Ireland include Aughinish Alumina (the partnership case study in Chap. 10) and collaborative interfirm and union networks developed through the sector-level partnership forum in the Irish print industry (Dobbins 2010). But these are becoming isolated and increasingly more fragile examples. It appears that, overall, the default position of most employers is to avoid the risks (and opportunities) associated with recasting workplace cooperation to redistribute power and authority. Many employers may simply feel they do not need systems of pluralist inclusion and engagement to make a profit, especially where they compete on low cost (Godard 2004). Moreover, if pluralism is to be revived, there would need to be (unlikely) major cultural and ideological changes in current management attitudes away from unilateral managerial prerogative towards cooperation with trade unions and recognizing the benefits of good industrial relations (Purcell 1981).

Finally, for trade unions, even prior to the recession, they were struggling with declining density and organizational capacity, especially in the private sector. Post global economic crisis, it seems probable that unions will become increasingly dependent on employer sponsorship for recognition by offering greater concessions to management. This is likely to add a higher degree of ‘risk’ for trade unions contemplating partnership while evaluating alternative workplace capacity around interests workers

say they want fulfilled, such as upskilling and stronger voice (Freeman et al. 2007). One option for unions is to mobilise workers by deploying organizing campaign strategies to build independent workplace representative capacity, but even advocates of this model seem to recognise its relatively limited impact (Simms et al. 2012; Simms 2015).

A problem facing Irish unions regarding the union organizing model is that there had been significant reliance between 1987 and 2009 on national tripartite bargaining to enhance union influence at peak level. One consequence, especially evident with the breakdown of national social partnership in 2009, has been declining capacity of shop stewards to mobilise members and negotiate issues at workplace level. In other words, enterprise-based union structures may no longer be quite as effective in adjusting to decentralised bargaining demands as they once were, especially given the gradual decline in private sector trade union density as a proportion of those in employment. Unions will have to respond to this diminution in workplace capacity in the absence of state and employer support for statutory trade union recognition, and also try to use as best they can legislation that has sought to circumvent the contentious issue of statutory recognition in Ireland by putting in place an alternative ‘Irish third way’ mechanism for unions to represent members in non-union firms where collective bargaining is not practised (see Cullinane and Dobbins 2014). Furthermore, unlike Spanish or German unions, who demonstrate comparative capacity to leverage work council regulations or mobilise through broader political coalitions (Martinez-Lucio and Connolly 2012), unions in Ireland appear to be circumspect about utilizing or campaigning around statutory forms of consultation under the ICE regulations (Cullinane et al. 2014; Dundon et al. 2014).

In conclusion, the prognosis for enterprise-based mutuality in Ireland’s LME does not look positive, especially viewed against the fall-out from the financial and economic crisis. The state and employers are increasingly offloading the burden of risk arising from capitalism onto employees—evidenced, for example, by precarious employment terms for many workers, including zero-hour contracts and the like—which is not conducive to sustainable long-term cooperative partnerships. Arguably, there is an institutional deficit in Irish employment relations, with both national and workplace partnership in abeyance and viewed by many as a damaged

'brand'. Therefore, both the practice and the language of partnership are in retreat in Ireland. There has been speculation about some form of new national 'social dialogue' emerging, but little has been said about new institutional arrangements for workplace cooperation. Even if anything does emerge on the public policy front, the broader institutional trajectory in Ireland is now firmly oriented towards a neoliberal regime that explicitly prioritises liberating the economic goals of capital accumulation above all else.

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6

Labour–Management Partnership in the USA: Islands of Success in a Hostile Context

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Introduction

The current context for labour–management partnerships in the USA is unfriendly in almost all ways. Union density, at 11.1 % overall and 6.6 % in the private sector, is at a modern low (US BLS 2015). With few exceptions, there is no significant encouragement of partnerships from either the federal or the state governments. There is no organization or

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forum that regularly brings together leaders of the labour and business communities for social dialogue about economic or other policies. And many of the “best examples” of partnerships in the last couple of decades have not been sustained. There are still “islands” of success, but they function in spite of the system rather than because of it.

Historically, the US context has never been highly favourable for partnership, though there have been a number of public and private initiatives that have had positive impacts for a period of time. In this chapter we review these initiatives and reflect on their strengths and limitations.

Labour relations in the private sector in the USA are governed by the 1937 National Labour Relations Act (NLRA) as amended in 1947 by the Labour Management Relations Act (LMRA).¹ The NLRA set up a process for formal government recognition of unions that carried with it an employer duty to bargain in good faith. It created a set of employer unfair labour practices, designed to protect workers’ basic rights to organise and engage in collective activity, including bargaining. The LMRA, among other reforms, added a list of union unfair labour practices. The NLRA declared encouragement of collective bargaining “to be the policy of the United States,” justified due to the damage that employer denial of unionization and bargaining rights was doing to the US economy (or in the constitutionally required words, “interstate commerce”). While the law protected the use of some economic weapons (e.g., strikes and lockouts) by both parties, it was largely silent on the nature of the labour relationships that would be formed (NLRA: 29 US Code Section 151). In contrast to many nations, the requirement of an exclusive bargaining agent, elected or designated by a majority of the workers in a specified bargaining unit in the USA, also includes a prohibition of employer partnering with any collective entity other than a majority-elected union. There are no public policy requirements of other forms of collective representation in the USA except that several states require occupational safety and health committees in at least some workplaces in their jurisdiction (Weil 1999). While there are

¹ Both statutes are typically referred to by their legislative sponsors’ names in the USA—the Wagner Act in the case of the National Labour Relations Act (NLRA) and the Taft–Hartley Act for the Labour Management Relations Act (LMRA).

many instances of teamwork and employee involvement in nonunion workplaces in the USA, our focus here is on formal collective union–management partnerships.²

Early Examples of Labour–Management Partnership

Examples of labour–management cooperation precede the NLRA by many years. In 1828, for example, employers and journeyman cabinet- and chair-makers joined together to publish agreed-upon standards for quality work and diagrams of finished products (Gudza 1984). In 1910 Louis Brandeis worked with the New York shirtwaist manufacturers and the ladies garment workers union to fashion what was entitled the “Protocol of Peace,” that included provisions for the arbitration of disputes and the establishment of a “Joint Board of Sanitary Control,” which was a committee composed of both union and manufacturer representatives who would oversee working conditions (Jacoby 1983). In the 1920s Frederick Taylor’s principles of scientific management gave rise to many local “Taylor Societies” and shop committees were established in a wide range of industries to improve safety, productivity, and other matters. Taylor himself advocated for labour–management cooperation in this process (Nadworny 1955). These developments prompted debates around the degree to which the “shop committees” involving workers and managers and labour–management cooperation were an alternative to or a complement to trade unions and collective bargaining (Douglas 1921). Although this question has been resolved in the USA in unionised settings in favour of seeing labour–management cooperation and worker involvement in business operations as a complement to union representation and collective bargaining, it is still an open question since employee involvement can also

²There is literature on forms of employee participation in the nonunion sector as well as studies that compare participation in union versus nonunion workplaces (see, for example, Kaufman and Taras 2000; Eaton and Voos 1994). However, the term “partnership” is not used for these forms of participation, at least in part because, with very rare exceptions, there is no form of collective representation at the highest levels of the corporation. Further, partnership implies at least some degree of equality in the relationship and we would argue that absent an independent organization (union) or statutory protections, other forms of collective representation are essentially toothless.

be part of a strategy to avoid unionization. At the time when this question was first posed, many of the early experiments in labour–management cooperation and workplace shop committees had proven successful in improving workplace operations, but few survived the economic collapse of 1929.

The declaration of war in 1941 led President Roosevelt to call for labour and management leaders to avoid strikes and lockouts, to avoid price increases, and to cooperate and participate with government officials and designated neutrals in support of the war effort. The National War Labour Board (WLB) was created consisting of government officials, business representatives, and labour union representatives. It mediated disputes and developed many of the principles (grievance arbitration, cost-of-living formulas, employer-sponsored health care and pension programs, industry and occupational wage standards and comparisons, etc.) that would govern future employment relations in both the union and nonunion sectors. It also promoted the adoption of labour–management production and safety committees. One study reported:

In 1945, the War Production Board estimated that more than 5,000 labour–management committees had been formed. About 2,000 of them existed only on paper, and only one third of the actual committees had representation plans to solicit suggestions from employees. Only about 500 committees took active roles in production-related issues such as “work quality, material conservation, plant lighting and layout, tool and equipment care, and production” (Gudza 1984)

Generally, these labour–management committees included only plant management and top-level union leadership and so did not have a major impact on opportunities for expanded voice for the average worker (see also Golden and Parker 1949; Golden and Ruttenberg 1942; Slichter et al. 1960). The WLB experience signaled a public policy commitment to private collective bargaining as the preferred means for establishing wage, hours, and conditions of work, as well as an important role for government in encouraging labour and management to work together on matters of productivity, quality, and other aspects of business operations. However, this also resulted in management reasserting its claim to managerial prerogatives which provided the template for industrial relations for 2 decades following the end of the war.

The Labour–Management Cooperation Act of 1978

By the 1970s, signs were emerging that the postwar or New Deal model of collective bargaining was slowly eroding. In response, the Labour Relations Reform Act of 1977 was introduced in Congress, focused primarily on fixing perceived deficiencies in protecting workers' right to organise and negotiate first agreements. This legislation could not overcome a Senate filibuster and never became law.

The experience with community labour–management cooperation in Jamestown, New York, and other locations led the former mayor of Jamestown, Stanley Lundine, who was then serving as a US congressman, to introduce legislation advocating more cooperative approaches to labour–management relations and workplace practices. This was designed to address growing international competition and worker expectations for a more direct voice in how they did their jobs. Congress recognise the need to encourage new approaches in passage of the 1978 Labour Management Cooperation Act (LMCA), which had the following objective: “To support the establishment, expansion, and activities conducted by committees at the company/plant level, area, industry-wide, and for public sector employees joint labour management committees in order to improve labour–management relations, economic development, and organizational effectiveness and productivity” (for the origins of the LMCA, see Leone and Eley 1983, 41). The specific purposes of the Act, as listed in the law, are as follows:

- (1) to improve communication between representatives of labour and management;
- (2) to provide workers and employers with opportunities to study and explore new and innovative joint approaches to achieving organizational effectiveness;
- (3) to assist workers and employers in solving problems of mutual concern not susceptible to resolution within the collective bargaining process;
- (4) to study and explore ways of eliminating potential problems which reduce the competitiveness and inhibit the economic development of the plant, area, or industry;

- (5) to enhance the involvement of workers in making decisions that affect their working lives;
- (6) to expand and improve working relationships between workers and managers; and
- (7) to encourage free collective bargaining by establishing continuing mechanisms for communication between employers and their employees through federal assistance to the formation and operation of labour–management committees.

Under the Act, the Federal Mediation and Conciliation Service (FMCS), created in 1947 by the LMRA, was provided with funding for the following purpose:

- (a) Establishment and operation of plant, area, and industry-wide committees:
 - (1) The Service is authorised and directed to provide assistance in the establishment and operation of plant, area, and industry-wide labour–management committees which—
 - (A) have been organised jointly by employers and labour organizations representing employees in that plant, area, or industry; and
 - (B) are established for the purpose of improving labour–management relationships, job security, organizational effectiveness; enhancing economic development; or involving workers in decisions affecting their jobs, including improving communication with respect to subjects of mutual interest and concern.

The law stands as a continuing policy expression of support for joint labour–management committees focusing on topics that include organizational effectiveness, productivity, economic development, and other matters of mutual concern. At the same time, the funding for grants under this law has fluctuated over the years, and the law has never been fully funded.

The Bureau of Labour–Management Relations and Cooperative Programs

The US Department of Labour also played an important role through its Bureau of Labour–Management Relations and Cooperative Programs created in the 1980s to promote and support the spread of these types

of more cooperative and engaged workplace relationships. It sponsored national conferences, funded case studies, generating government publications such as:

- Perspectives on Labour–Management Cooperation (1985)
- Labour–Management Cooperation, State-of-the-Art Symposium (1987)
- US Labour Law and the Future of Labour–Management Cooperation, by Stephen I. Schlossberg (1986)
- US Labour Law and the Future of Labour–Management Cooperation: Final Report (1989)
- Labour–Management Cooperation, State-of-the-Art Symposium (1989)

To appreciate the full scope of practice at this time, as well as the important issues associated with labour–management partnership, we reprint the full list of studies commissioned by the Bureau in Appendix 1. As the titles listed in the Appendix indicate, the US government provided basic information designed to promote labour–management cooperation, as well as commissioned studies on leading cases at firms, including Dayton Power and Light, Ford Motor Company, Harley-Davidson, National Steel, Xerox, and others. Key topics covered included the changing role of first-line supervisors, the changing role of union leaders, workplace health and safety, and area labour–management committees. In the study of area labour–management committees, of which there were over 50 in the USA at the time, it was noted that without policy support, the cooperative efforts would not be sustainable.

The Dunlop Commission

The next time labour law reform and issues around labour–management partnership surfaced was when the Democrats again had majorities—though not the supermajority needed to overcome a Senate filibuster—in Congress and a Democratic president, this time in the form of Bill Clinton, first elected in 1992. Clinton’s Secretaries of Labour and Commerce (Robert Reich and Ron Brown) formed a commission led by Harvard labour economist and labour relations expert, John Dunlop,

who had also served as Secretary of Labour under President Gerald Ford. The Commission included other industrial relations academics and representatives of government, labour, and business. Although the Dunlop Commission, as it was commonly known, focused on barriers to union organizing, as had the earlier reform attempt, it was also charged with looking at “[wh]at (if any) new methods or institutions should be encouraged, or required, to enhance work-place productivity through labour–management cooperation and employee participation?” (Commission on the Future of Worker–Management Relations 1994a, b, xvi). During its fact-finding process, the commission examined cooperation and participation efforts in both union and nonunion workplaces and also looked at the European experience with works councils and other international examples of government promotion of such efforts. The Commission concluded in its fact-finding report that “[t]he international evidence ... documented that governments can and do promote diffusion of workplace reforms in a variety of ways.” However, “[t]he U.S. Government has no program of a magnitude, visibility, or impact that comes close to any of these international approaches” (Commission 1994a, 52).

When it came time to make policy recommendations to enhance federal government support for cooperative efforts, however, the Commission’s achievements were modest.³ It recommended “[r]eaffirming and extending protections of individuals against discrimination for participating in employee involvement processes ...” (Commission 1994b, xvii). It further recommended the creation of both “a National Forum on the Workplace involving leaders of business, labour, women’s, and civil rights groups to continue discussing workplace issues and public policies [and] a national Labour–Management Committee to discuss issues of special concern to the future of collective bargaining and worker–management relations” (Commission 1994b, xx and 61).⁴ Even if implemented, none of these recommendations would have fundamentally altered the very

³In terms of policy recommendations, the Commission’s main focus was on the relatively narrow issue of possible limitations placed on employee participation schemes in nonunion companies by the National Labour Relations Act’s (NLRA) prohibition on company unions. The Commission, somewhat controversially, recommended revising that section of the Act.

⁴There was also a call for the creation of “a coordinated public–private research group” and better databases for studying all the issues examined by the commission—reflecting the views of scholars associated with the Commission that data on current practice in the USA was incomplete and needed.

limited role of the federal government that the Commission seemed to lament in its earlier report. And, more importantly, none of the recommendations were implemented.

After the issuance of the Dunlop Commission report, Secretary of Labour Reich commissioned a Task Force focused on the use of labour–management cooperation to improve organizational performance in the *public sector*. This new commission was charged with finding out if there were new “methods or institutions” that could “enhance the quality, productivity and cost-effectiveness of public sector services through labour–management cooperation and employee participation ...,” if changes to laws were needed to support cooperative efforts, if there were conditions necessary to or barriers in the way of greater cooperation, and if there were good existing models available.⁵ The Task Force did identify several leading examples of successful labour–management programs at various levels of government and provided guidance to parties interested in establishing programs of collaboration on how to get started. The report talked about the need for institutional support (US Department of labour 1996, 11) from labour organizations, management institutions (i.e., associations supporting elected and appointed officials), finance and personnel professionals, universities and training centres and neutral agencies, but made no recommendations for additional funding or specific actions for or to any of those institutions (for a more recent look at programs in the public sector, see Johansson 2014).

The Dunlop Commission was operating in a period when the “modern” wave of labour–management cooperation, now using the term “partnership” (more on the use of this term below), was almost certainly still growing. In the same year that the Dunlop Commission final report and recommendations were issued, 1994, the American Federation of Labour–Congress of Industrial Organizations (AFL-CIO) Committee on the Evolution of Work published a report titled “The New American Workplace: A Labour Perspective.”⁶ The report reviewed various changes taking place in work organizations and set forth a set of principles that should, from organised labour’s point of view, define a new system of work

⁵ For the exact wording of the charge and the full list of questions, see US Department of Labour 1996, 122.

⁶ At the time the AFL-CIO was the only peak labour federation in the USA.

organization (for a reprint of the report and reactions to and discussions of the report, see Nissen 1997). It also called for labour–management partnerships based on four “guidelines”: mutual recognition and respect (essentially employer acceptance of the union as an institution and, in particular, the union’s right to organise additional workers and workplaces); the importance of collective bargaining and the role of bargaining in establishing any new relationship; equality of the partners, including “in the development of and implementation of new work systems” and in “representation and control over any bodies created as a part of work reorganization”; and “agreed-upon goals reflecting the parties’ mutual interests.” The use of the word “partnership” in this report both reflected growing practice in the labour movement but also influenced terminology going forward. It was particularly meant to emphasise the mutuality of the relationship and the goals of any program of cooperation in contrast to management-dominated programs of work reorganization and the meaning some employers gave to labour–management cooperation whereby the union was expected to “cooperate” with management’s agenda (Voos and Cheng 1989).

Given the AFL-CIO’s interest in genuine partnerships and the extent of activity in the 1990s, it is probably not surprising that the labour movement and its allies developed support systems for unions engaging in partnership. Many university-based labour education programs provided either union-only or joint training in collaborative approaches to labour–management relations or both. The labour education association (at the time, University and College Labour Education Association) featured a Worker Participation Task Force that brought together labour educators from both universities and unions to share curriculum and research and discuss best practices. The Task Force also collaborated with the Technology Working Group, a group of staff from affiliates of the Industrial Union Department at the AFL-CIO focused on technological change and worker participation. The George Meany Centre developed and ran multi-union education programs to assist unions in developing expertise to support partnership work. The AFL-CIO’s Human Resources Development Institute published an extensive guide in late 1994, titled “Changing Work: A Union Guide to Workplace Change.” The AFL-CIO went so far as to create a Centre for Workplace Change (see Eaton

1997, 58–59, for a fuller description of the activities and groups listed above). The labour program at Rutgers University ran two conferences (one in 1998, the second in 2001) designed to bring together leaders of local unions with deep experience in partnerships to learn from one another (for a description of the experience of these conferences and the locals involved, see Rubinstein 2001; Eaton and Rubinstein 2006). Most of these programs and networks do not exist today, although Cornell has sponsored an effort similar to the Rutgers conferences, focused on health care, and Rutgers itself is developing the same for K-12 education unions and their employer counterparts. In the late 1990s, the International Association of Machinists established a High-Performance Work Organization (HPWO) office, which provided training and guiding principles for labour–management partnerships focused on high-performance work systems, and this office continues to function (though with a limited number of partnerships in its purview).

Assessing the Scale and Scope of Labour–Management Partnership

It is difficult to track the extent of partnership over time. One problem is that there has never been a commonly shared definition of labour–management partnership in the USA. Common understandings of the term include an array of practices, spanning both union and worker participation in managerial planning, problem-solving, and decision-making. Various surveys have attempted to measure the extent of these worker participation schemes using various terms (labour–management committees, employee involvement, teams, self-managed teams, quality circles, high performance work systems, etc.), yet many of these surveys do not distinguish between union and nonunion workplaces, or between arrangements that involve union representatives versus union members. Few surveys were specifically about “partnership” per se or even union participation in management decision-making; more typical are questions about labour–management cooperation generally or union–management committees. Eaton and Voos (1994, 74), for instance, using GAO survey data and splitting that sample by union and nonunion

firms, found that 46 % of union firms reported at least some level of union–management “QWL Committees.”⁷ However, most of the firms reporting the existence of those committees also reported that they covered “almost none” (1–20 %) of the workforce. Gray et al. (1999) took a different approach, reviewing the number of “cooperative clauses” in the Bureau of Labour Statistics database of collective bargaining agreements covering 1000 or more employees.⁸ They found that slightly less than half (46.6 %) of the 1014 contracts reviewed included one or more of these clauses. They found a much smaller number—81 or only 7.9 %—called for “full [27 contracts] or extensive [54 contracts] partnership.”⁹ It is important to keep in mind that this sample was limited to relatively large firms in the private sector and reflects only language, not the actual practices of the parties.

Cutcher-Gershenfeld and Kochan (2004) reviewed data collected from labour and management in surveys sponsored by the FMCS. They found that, in 1999, 22 % of union and 30 % of management representatives reported “the use of teams, or job rotation, or increased worker responsibility for quality, or increased worker involvement in operations decisions” in initiatives following the most recent round of bargaining (2004, 8). Perhaps surprisingly, an even higher percentage—31.4 % of union and 49.3 % of management respondents—reported partnership activities, defined as “some form of ‘partnerships to promote joint

⁷A unionised firm is any firm reporting 1 % or more of the workforce as unionised. Eaton and Voos also review several other studies that separate out union and nonunion companies in their use of various worker or financial participation programs, including Quality Circles, indicators of teamwork (job rotations, etc.), gain-sharing, and profit-sharing.

⁸They looked at agreements expiring between September 1, 1997, and September 1, 2007. The types of clauses reviewed included (in what the authors identify as a continuum) statements in which the parties agree to cooperate; the establishment of committees; “formal efforts to address traditional issues” such as drug abuse, health care, human relations, and safety; employment security and neutrality; involvement of employees in high-performance work practices (addressing quality, productivity, and customer service); and finally “full partnership.”

⁹Their “benchmarks” for partnership included joint work to increase productivity and quality; improvements in productivity and quality to be reflected in compensation, organizational structure, pricing, and investment; joint development of leadership and technical skills of workers; open information sharing; agreement on the process for union recognition of new employee groups; layoffs as a last resort; joint commitment to avoid the use of economic weapons; joint commitment to broad and deep worker participation; and worker involvement in design and application of new technology. These benchmarks were derived from the Collective Bargaining Forum’s 1988 Compact for Change.

approaches for addressing strategic business issues such as new technology or new products, things that management has historically done alone” (2004, 9).¹⁰ In this same survey, more respondents reported that their labour–management relationships were improving than were getting worse, though the majority (close to 60 %) reported no change. Only about 10 % of unionised workplaces featured labour–management relationships that were reported to be both cooperative and improving (Cutcher-Gershenfeld and Kochan 2004). Eaton et al. (2004) examined over 50 examples of union–management partnerships to identify factors that led to the formation and sustainability of these arrangements.

None of these studies really gives us a good feel for the trajectory of partnership in the new millennium and there have been no more recent surveys that would help with that task. One approach is to look at some of the major examples of partnership that have been studied. Examples of “broad-ranging” union–management cooperation programs reviewed by the Dunlop Commission in 1994 included Ford Motor and the United Auto Workers (UAW), National Steel Company and the United Steelworkers, AT&T and the Communication Workers of America and International Brotherhood of Electrical Workers (see also Eaton 1995), and Miller Brewing Company and the UAW (Commission 1994a, 40–41). Of these, only the Ford–UAW example survives today and a detailed study of this case highlights 56 pivotal events over 3 decades that are key to understanding this success story (Cutcher-Gershenfeld et al. 2015). Other examples commonly cited as models during the 1990s include the Saturn division of General Motors and the UAW (perhaps the deepest partnership in the recent US past; Rubinstein and Kochan 2001), Bath Iron Works and the International Association of Machinists (IAM), Xerox and Amalgamated Clothing and Textile Workers Union (ACTWU) (Cutcher-Gershenfeld 1988), Harley Davidson and the UAW and IAM (Reid 1990; Chansler et al. 2003), other major US steel companies as part of the Steelworkers “New Directions” program (Mangum and McNabb 1997; Rubinstein 2003), New United Motor Manufacturing, Inc. (NUMMI) (Toyota) and the UAW (Adler 1995; Levine et al. 1995), and Levi-Strauss and ACTWU (Sheahan 1997, 119).

¹⁰The greater propensity of management to report higher levels of these activities is common to other surveys of matched pairs. See Eaton (1994) for other examples.

Most of the prominent partnerships in this period were in manufacturing, and many have not survived or have experienced considerable volatility primarily due to the extreme competitive pressures faced by manufacturers in the USA and the attractive option of moving production away from unionised facilities.¹¹ For example, the NUMMI facility in California was sold by Toyota in favour of newer production facilities in the US South.¹² Xerox still works in partnership with ACTWU in Rochester, New York, but the volume of US manufacturing is substantially lower than when the partnership began 3 decades ago due to globalization of production and a strategic shift toward service business strategy. The parties have also abandoned a signature study team process that allowed the union to explore efficiency improvements with work that is at risk of outsourcing, likely reflecting the reality of steady erosion in the size of the bargaining unit (Lazonick 2009).

The Saturn–UAW partnership was never fully embraced by either General Motors (which launched Saturn as a “new kind of car company”) or the UAW, with the result that it was starved of new product investment and integrated into regular General Motors and UAW operations, with many of the boldest forms of joint union–management decision-making abandoned (Rubinstein and Kochan 2001). While extensive “teaming” still exists on the shop floor in the original Saturn facility in Spring Hill, Tennessee, the higher level “co-management” and union–management partnering that made Saturn so innovative and distinctive were undermined when the company was folded back into General Motors and the workforce was forced to adopt the national UAW contract in favour of the separate Saturn agreement.

In the steel industry, many of the “experimental,” locally grown partnership arrangements of the 1980s lost enthusiasm when a top–down effort to impose partnership through prescriptive contract language was adopted by the industry and the union in the 1990s (Rubinstein 2003). In addition, the economic pressures in the steel industry drove concession bargaining and plant closures, both of which had undercut partnerships.

Interestingly, two major cases in the service sector, where escape is less of an option for the employer, Southwest Airlines (Gittell 2003) and

¹¹ For a full discussion of the “escape” option in a labour relations context, see Walton et al. (1994).

¹² Parts of the facility have been adapted for the production of the Tesla all-electric car, which is a low-volume nonunion operation.

Kaiser-Permanente (a large and important health maintenance organization; Kochan et al. 2013 and Kochan, Chapter 11, this volume), have survived to this day. In fact, while the extent of partnership may have declined in US manufacturing, it appears that there has been growth in at least some service industries—especially health care—and in parts of the public sector—K-12 education, for example (see Kochan et al. for a discussion of partnerships in health care; see Rubinstein and McCarthy on public education, also discussed below). There have been similar developments in public utilities in the USA. Northwest Natural, First Energy, and the unions representing workers at these and other utilities have had ongoing partnerships. For example, the Northwest Natural Joint Accord (2015) was launched in 1988 and indicates an ongoing commitment by the parties to a partnership that will:

- endeavour to achieve collaborative and transparent relationships;
- share information necessary to make decisions and implement change;
- foster an environment supportive of growth, development, and engagement for all; and
- champion Northwest Natural’s core values and continued success.

Although partnership may be more sustainable in the service sector, where escape is less of an option, competitive pressures and the challenges that partnerships have faced in responding to those pressures have also led to the demise of partnerships in that sector, including those in telecommunications, health care, and hospitality (Preuss and Frost 2003; Eaton et al. 2004). At the same time, there are many additional instances where unions and employers work together on matters of mutual interest (such as workplace safety, quality, training, productivity, and health care cost containment) even if the formal designation of a “partnership” is not utilised.

Assessing the Role of the Federal Government Today

The above examples of partnership all come from the private sector. However, there is a long history of labour–management cooperation generating clear performance results in public sector settings as well

(US Department of Labour 1996; Dilts 1993; Brock and Lipsky 2003; Rubinstein and McCarthy 2012; Rubinstein and McCarthy 2014; Johansson 2014). Public sector support for labour–management partnership can come in the form of resources but also in the form of modeling desired employer behaviour.

In the other English-speaking developed economies covered in this volume, the national governments have played an important role in setting partnership policies and providing resources for the parties. The US government has been less active but has still, in the recent past at least, played some role in promoting partnerships. The federal government has, most prominently under the Clinton administration, acted as a model employer through partnering with various federal unions.

As discussed above, the LMCA of 1978 designated FMCS as the agency to interact directly with the parties through training and facilitation. In this section, we discuss each of these federal government roles in turn along with the Department of Education's (DoE) role in the K-12 sector.

In 1993, President Clinton issued Executive Order (EO) 12871, which created the National Partnership Council to coordinate and stimulate the creation of labour–management partnerships throughout the executive branch, which would involve employees and their union representatives with management in identifying and solving problems. Prominent among the federal unions participating in these partnerships were the American Federation of Government Employees (AFGE) and the National Treasury Employees Union (NTEU). Reports from the Office of Personnel Management documented the effectiveness of these partnerships in improving employee relations and public service, for example, National Partnership Council, OPM-NPC-09, "A Report to the President on Progress in Labour Management Partnership" (1997); US Office Personnel Management, "Labour–Management Partnership: A Report to the President" (January 12, 2000). Partnership between the James A. Haley Veterans Hospital and its unions reduced delivery time for critical medications from 92 to 20 min, cut turnaround time for X-ray reports from 8 days to 1 day, and reduced processing time for pension and compensation exams from 31 days to 18 days.

In one of his earliest acts as President, George W. Bush rescinded EO 12871. President Barack Obama revived labour–management cooperation

in federal agencies through EO 13522 (2009). Some of the earlier partnership councils have been reconstituted under this Executive Order and some new ones formed. These partnership councils generally focus on quality improvement, reorganization, and training, although there is only a limited infrastructure of support and encouragement of these activities.

The US DoE, under Secretary Arne Duncan, has promoted union–management partnerships in public education. Following the first national conference on “Union–Management Partnerships to Improve Public School Systems,” organised by the American Federation of Teachers, Rutgers University, Massachusetts Institute of Technology (MIT), and Cornell University in 2010, the US DoE organised its own conferences on “Labour–Management Collaboration” in 2011, 2012, and 2014. These conferences brought together union leaders and managers at the national, state, and local levels along with policy-makers and academics to discuss collaborative approaches to school reform and improvement. At the same time, these conferences were encouraging labour–management partnerships in local school districts, the DoE was also promoting a greater emphasis on high-stakes testing to evaluate teachers and an expansion of charter schools as alternative regular public schools. This created a great deal of animosity between the DoE and both national teachers unions—the American Federation of Teachers (AFT) and the National Education Association (NEA)—culminating in a resolution at the NEA convention in 2014 calling for the resignation of Secretary of Education Arne Duncan.

A growing number of school districts have established union–management partnerships to improve collaboration at the school and district levels focused on improved teaching and learning. While some of these districts established partnerships in the 1990s or earlier, an increasing number of districts have moved in this direction over the past decade with support from both the AFT and the NEA nationally (Rubinstein and McCarthy 2011, 2012). Recent research has shown that these partnerships have an impact on educator collaboration within schools and, in turn, on student performance (Rubinstein and McCarthy 2014). AFT has provided training for these efforts through their Centre for School Improvement and also some funding to local districts through the AFT Innovation Fund. Districts have also created networks to help each other

develop partnership such as the West Coast Institute organised by the ABC Unified School District and the ABC Federation of Teachers in Southern California. In Illinois, the Consortium for Educational Change (CEC) has supported over 80 districts in establishing collaborative processes, including training in interest-based bargaining (IBB). Also, over the past 15 years, the Teacher Union Reform Network (TURN) was created by teacher-union activists interested in bringing together management and union leaders, both the NEA and the AFT, to focus on both teaching quality and student learning. The TURN network is national, and there are also six regional TURN networks.

Looking ahead, it is possible that partnerships in public education could expand beyond “islands of success.” While public education, like other industries, lacks the state and local statutes and regulations that could support strong union–management partnerships, governance in school districts is fundamentally different than in either the private sector or other public sector employers. US public school districts are typically governed by school boards elected by local communities. School boards hire the chief administrator/superintendent, who in turn manages the district. In this way, parents are directly involved in the governance of their children’s schools. If parents see the benefit of union–management partnerships in their local school districts through improved teaching and learning, they will elect board members who support this approach and who will hire like-minded superintendents. This model of local democracy and public accountability may be more supportive of partnerships than we see in private industry or in the rest of the public sector. We have a limited number of long-term cases that support this hypothesis (Rubinstein and McCarthy 2012), and we will need much more evidence to see if it holds up over time.

Assessing the Role of States

The USA is, of course, a federal system with considerable power and resources residing at the state level. In the heyday of partnership, several states did have programs to support the development of labour–management cooperation, particularly focused on saving manufacturing jobs. This support took various forms, including conferences—sometimes

sponsored by a governor—that would, like the FMCS conferences at the national level, highlight best practices and good examples. It is important to note that the FMCS grant program discussed above has funded numerous public sector experiments in labour–management cooperation. Some states invested money, including for research (Pennsylvania funded a survey by Juravich, Harris and Brooks, for example) and/or technical support. State public employment relations boards supplied (and some still do supply) relevant training or facilitation to public sector unions and employers (US Department of Labour 1996, 11).

State and local government employers have also modeled cooperative relations. The 1996 public sector Task Force, discussed above (p.131), listed numerous examples of labour–management collaborations on a wide variety of topics and at both state and local government levels. The most comprehensive program at the state level discussed in the 1996 Task Force report was in Ohio. The program, known as Quality Services through Partnership, was focused on “transform(ing) state government into an organization where employees work together to continuously improve how work is done” (US Department of Labour 1996, 89). Interestingly, it was the product of leaders on the labour and management side who began their relationship in a strongly adversarial mode; the Republican governor at the time, George Voinovich, had actually run on a platform of privatizing government services. In a strong indicator of the change in tone in labour–management relations, the current Republican governor of Ohio, John Kasich, along with the legislature, stripped some public employee of bargaining rights completely and substantially reduced the scope of bargaining for the rest. These rights were restored in Ohio after a successful public referendum, but this has not been the case in some of the other states where Republicans have successfully attacked public sector unions, most noticeably in the state of Wisconsin, which was one of the first states to protect bargaining rights for public sector workers in the late 1960s (Lafer 2013). Another pioneering state in public sector labour relations, Montana, had a strong partnership initiative under a Democratic governor, but a Republican-led legislature refused to approve negotiated collective bargaining agreements in 2011 (traditionally a *pro forma* step), which has precipitated a 4-year salary freeze and eliminated funding for a statewide joint labour–management training initiative.

While most of the attacks on labour–management relations have focused on the public sector, some have extended to the private sector by prohibiting union security provisions.¹³

These attacks on public sector bargaining and the elimination of partnership in the federal government by President Bush reflect a view in the Republican Party that unions are primarily supportive of the Democratic Party and what seems to be an aversion to supporting any activity that casts unions in a positive light. The moves are less a rejection of partnership, *per se*, but rather a political calculus that weakening unions is a way of weakening the Democratic Party. They also reflect a growing ideology that reliance on market forces is the vehicle to more competitive organizations versus the institutional view that more collaborative approaches between unions and management are the preferred path to quality and performance.

In the education sector, there have also been some recent attempts to create union–management partnerships at the state level to encourage, guide, and support district-level partnerships. For example, the Massachusetts Education Partnership (MEP) is a consortium of union and management state-level stakeholders in education who are working together to improve teaching and learning through the establishment of greater school- and district-level collaboration and IBB. It was created in 2012, and the governing board includes the AFT—Massachusetts, the Massachusetts Education Association, the Massachusetts Association of School Superintendents, the Massachusetts Association of School Committees, and the Massachusetts Department of Elementary and Secondary Education, along with MIT, Northeastern University, University of Massachusetts Boston, and the Rennie Centre for Education Research and Policy (Kochan et al. 2015).

A similar effort was initiated in New Jersey in 2013 bringing together the New Jersey School Boards Association (NJSBA), the New Jersey

¹³ These states are Indiana and Michigan; this was especially shocking in Michigan, which was once near the top of union density states in the USA and (remains) the home of the historic powerhouse of the US labour movement, the United Auto Workers (UAW). Although for the most part, national labour law preempts the states from enacting laws that effect private sector labour relations, the LMRA did allow states to pass what are known, perversely, in the USA as “right to work” laws. These laws directly impact union institutional security in that they prohibit agreements that make union membership or dues collection via payroll deduction mandatory.

Education Association (NJEA), AFT-New Jersey, New Jersey Association of School Administrators (NJASA), the New Jersey Principals and Supervisors Association (NJPSA), and Rutgers University. This consortium has focused on supporting collaborative partnership efforts in New Jersey public schools through conferences, training, and technical support. California began a comparable initiative in 2014.

Conclusion

More than a decade ago, there were only an estimated 10 % of the approximately 17,000 annual unionised private sector negotiations in the USA where the parties reported both a labour–management partnership and improving labour–management relations (Cutcher-Gershenfeld and Kochan 2004). The majority of labour–management relationships have more traditional combinations of incremental negotiations and conventional forms of contract administration.¹⁴ At the more adversarial extreme, there are public and private sector employers aggressively working to escape the union–management relationship altogether. In fact, changes to the nature of the employment relationship itself can be understood, at least in part, as a way to avoid unionization (Weil 2014). Today, it is unlikely that the number of partnerships has grown beyond the 2004 estimate of 10 % in the private sector, and it is almost certain that the number of public sector partnerships have deteriorated at the state level. There is a need for improved mechanisms to document the current state of practice in both union and nonunion sectors.

A labour–management partnership in the USA operates in a context where overall union representation is declining; where there are many state-level initiatives aimed at undermining the status of unions in the public sector, the private sector, or both; where many sectors of the economy are losing jobs to a combination of globalization and new technology; where unions are internally divided over the merits of more cooperative or more adversarial strategies; where employers who are supportive of labour–

¹⁴In the USA, contract administration refers to enforcement of the collective agreement through the grievance system in which the parties employ private arbitrators to resolve disputes.

management cooperation are subject to counterpressures from peers, management associations, and investors; and where there no clear federal or state policy direction supporting labour–management partnership. Partnerships do exist, but it is in spite of these countervailing pressures.

The benefits of partnership are well documented, including positive impacts on organizational performance (Cutcher-Gershenfeld 1988; Levine and Tyson 1990; Eaton and Voos 1994; Gittell 1996; Rubinstein 2000, 2001, 2003; Rubinstein and Kochan 2001). If the results are favourable, why do we not see more partnership in the USA? Partnership scholars in the USA have noted the fragility of the model (see, for example, Kochan et al. 2008) and have pointed to a mix of challenges from both the external environment and the internal dynamics of partnership (Preuss and Frost 2003; Eaton et al. 2004). In part, partnership runs against deeply held views by management that they are better off without a union at all and the concomitant search for methods of escaping unions. Some partnerships have collapsed as a result of management's strong negative reaction to new union organizing. Unions in the USA are fighting a battle for survival and many are focused on experimenting with new models of and strategies for representation, often moving beyond collective bargaining with a single employer. Many trade unionists also fear that partnerships, particularly those involving direct employee involvement, will displace the union.

But we also concur with many scholars who have concluded that labour–management partnerships will not flourish absent stronger public policy and institutional support (Hecksher and Schurman 1997; Eaton 1997; Kochan et al. 2013). We also believe that such policy initiatives are necessary but not sufficient. The evidence in education indicates that partnerships are succeeding where there is a combination of state or local policy support, institutional support from unions and management associations, and demonstrated positive results in terms of educational outcomes. The same combination of favourable forces can be found in the private sector cases that have succeeded over time, such as at Southwest Airlines, Kaiser-Permanente and the Coalition of Kaiser-Permanente Unions, Northwest Natural Gas and the unions representing its workers, Ford and the UAW, and others. In each of these cases, there is a convergence of a supportive management culture, union leaders and managers committed to working with each other, and demonstrated results in terms of operational efficiency and favourable outcomes for patients or customers.

Looking to the future, there are three potential ways that partnerships could be more likely to be sustained and expand. First, there could be future-elected leaders at state and national levels who embrace labour–management partnership, building on and extending what is possible under current policies. While the likelihood of this is not great and this alone would not transform the US labour–management system, it would be a positive development from the point of view of promoting constructive relations in the workplace and achieving positive outcomes in unionised settings. Second, there could be future initiatives by employers and management associations, unions and union associations, and non-profit organizations or universities that would seek to advance labour–management partnership in particular industry sectors. For example, if these initiatives show positive outcomes, like improved teaching and learning in the primary and secondary education sectors, the demand for these partnerships may increase from school communities and school boards. This could have a positive, stabilizing influence on these arrangements across the public education industry sector. Third, and least likely of all, would be the emergence of new or modified representational forms that involve a substantially greater portion of the workforce. The Dunlop Commission debated the idea of new representational forms, as we have noted, and the idea surfaced again during the Volkswagen organizing drive by the UAW (where an adapted form of a German works council was part of the discussions). Although this may be the least likely future development, it would have the potential to have the greatest impact since it could reach so much more of the US workforce than is currently represented by unions operating in the present mode. Absent dramatic changes, however, labour–management partnership in the USA is likely to continue to be a case of islands of success operating in a hostile context.

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Appendix 1: Publications of the Bureau of Labour–Management Relations and Cooperative Programs, US Department of Labour

Topical Studies

- The Operation of Area Labour–Management Committees, by Richard D. Leone, Michael F. Eleeey, David Watkins, and Joel Gershenfeld (1981)
- Starting Labour–Management Quality of Work Life Programs, by Michael Brower (1982)
- Labour–Management Cooperation: Perspectives from the Labour Movement (1984)
- From Control to Commitment in the Workplace, by Richard E. Walton (1985)
- Institutionalizing and Diffusing Innovations in Industrial Relations, by Thomas A. Kochan (1988)
- The Changing Role of First-Line Supervisors and Middle Managers, by Janice Anne Klein (1988)
- The Changing Role of Union Leaders, by Joel Cutcher-Gershenfeld and Robert McKersie, and Kirsten R. Wever (1988)
- The Role of Labour–Management Committees in Safeguarding Worker Safety and Health, by Ruth Ruttenberg (1988)
- Labour–Management Conflict and Cooperation: The Role of Shop Floor Leaders, by Stephen Herzenberg, Joel Cutcher-Gershenfeld, and John Chalykoff (1988)

Case Studies

- Employee Involvement Fuels Dramatic Turnaround at Ford’s Louisville Assembly Plant, by Michal Smith (1986)
- Western Airlines and Its Four Major Unions, by Kirsten R. Wever (1986)
- Tracing a Transformation in Industrial Relations: The Case of Xerox and ACTWU, by Joel Cutcher-Gershenfeld (1988)

- Forging a Partnership through Employee Involvement: The Case of the GM Hydra-matic Willow Run Plant and UAW Local 735 Joint Activities, by Denise Tanguay Hoyer (1988)
- Riding the Road to Recovery at Harley-Davidson, by Thomas H Roadley (1988)
- Aladdin's Magic: The Company's Magic Is No Secret: Communicating, Sharing Information Are Keys to Success, by Michal Smith (1988)
- Labour Compact Key to New Employee–Management Partnership at Dayton Power and Light, by Phyllis Lehmann McIntosh (1988)
- Cooperative Partnership: A New Beginning for National Steel Corporation and the United Steelworkers of America (1989)
- Human Resource Policies and Practices in American Firms, by John Thomas Delaney, David Lewin and Casey Ichniowski (1989)
- A Unique Labour–Management Partnership Has Made Dade County Public Schools a Model in Educational Reform, by Donna St. John (1989)

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7

Evaluating Social Partnership in the Australian Context

Ying Xu, Glenn Patmore and Paul J Gollan

Introduction

Over the past two to three decades, many western countries have pursued an employment relations (ER) agenda involving labour–management cooperation or a form of ‘partnership’; for example, the USA, Britain, Ireland and New Zealand (Ackers and Payne 1998; Kelly 2004; Johnstone et al. 2010; Macneil and Bray 2013; Cathcart 2014). Attracted by the success of partnership practices in the UK, Australian academics and policy-makers have previously investigated the viability of partnership models in the Australian

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context, both conceptually (Lansbury 2000; Gollan and Patmore 2006; Townsend et al. 2013) and through empirical case studies (Mitchell and O'Donnell 2007; Jones et al. 2008). Yet little research has specifically examined the role of current industrial relations practices in promoting workplace partnerships within both union and non-union settings in Australia. This chapter will thus focus on exploring the current industrial relations and regulatory context for the support of workplace partnership practices within the political and socioeconomic environment in Australia.

'Workplace partnerships' (or 'partnerships at work') came to the fore in the UK, the USA and other western economies during the 1990s (Johnstone et al. 2010; Ackers 2014). This is often referred to as a neopluralist approach (Ackers 2002, 2014). Workplace partnerships are organisation-level arrangements through which participants actively engage in information and consultation, leading to more informed decision-making and enhanced competitiveness for the purpose of benefitting all stakeholders (Gollan and Patmore 2006; Martinez Lucio and Stuart 2002).

The 'social partnership' model, a form of cooperation implemented at the national level, has a long tradition in northern continental Europe. By 'social partnership', we mean the role that dialogue plays in both developing and maintaining statutory forms of employee participation, information and consultation. The dialogue underpinning the social partnership model operates at the workplace level in different ways in different national contexts (Badigannavar and Kelly 2005; Guest and Peccei 2001). Common to these workplace arrangements is the provision of information to and consultation with employees and/or their representatives during decision-making processes. The social partnership approach moves beyond a very narrow conception of the employment relationship as a function of the labour market towards a broader social context (Gollan and Patmore 2006). According to a social partnership model, participants in a business enterprise have both economic and social functions (Gollan and Patmore 2006).

The workplace partnership practices in the UK have been largely attributed to institutional support at the national level (Mitchell and O'Donnell 2007; Townsend et al. 2013). This has been required by important employee and employer social rights and responsibilities which are enshrined in European laws such as the European Works Council Directives (passed in 1994, 1997 and 2009) and the Directive *Establishing*

a General Framework for Informing and Consulting Employees (NDIC) (2002) (*European Union (EU) Directive 2002*). These directives apply to all member states (Gollan and Patmore 2006; Mitchell and O'Donnell 2007; Johnstone et al. 2010). The British approach to workplace partnerships, underpinned by the European social partnership model, involves 'a less voluntaristic and more legalistic or "employment rights" framework' (Mitchell and O'Donnell 2007: 11). The legislative ER framework has thus been considered a precursor to the implementation of the workplace partnership model (Gollan and Patmore 2006; Mitchell and O'Donnell 2007; Johnstone et al. 2010).

The forms of workplace partnership arrangements are heterogeneous, and so are the variables used for classifying them, such as formal versus informal, private versus public, and union versus non-union (Johnstone et al. 2009). Considering the decrease in union density and weakening in union influence seen in Australia, our discussion of workplace partnerships extends beyond union-based representation.

Although workplace partnership models share a fundamental principle of 'mutual gain', they can be viewed from different perspectives, including pluralistic, unitary or hybrid standpoints (see more discussion in Guest and Peccei 2001). We have argued elsewhere that Australia has a pluralistic workplace relations system and so consider workplace partnerships in that context (Gollan et al. 2014). The defining feature of a pluralistic approach to partnership at work is the use of employee representation in both union and non-union forms (Rogers and Streeck 1995; Guest and Peccei 2001).

Under previous workplace relations legislation, some commentators observed that 'discourses that are the functional equivalent of workplace partnership are clearly emerging in Australian labour law policy' (Mitchell and O'Donnell 2007: 6). Some writers explored the possibility of 'transporting' the European social partnership model to Australia (Gollan and Patmore 2006). The *Fair Work Act 2009* (Cth) (*FWA*), Australia's current law regarding workplace relations, can be seen to reflect the developments in Europe through providing for information and consultation of employees. This chapter assesses whether and how the *FWA* can be explained in the light of the ideology and adoption of a social partnership model. While the *FWA* does not refer to the term 'partnership', it does provide an underlying framework for labour–management cooperation. We take the *FWA*'s consultation term over major workplace change and changes to regular hours of

work as the law most comparable to EU Directives implementing the social partnership model. The mandatory information and consultation term has been implemented through the development of joint consultative committees (JCCs), which have become prevalent in Australian workplaces. These are ‘formal ongoing consultative committees, comprised of managers and representatives of employees’ (Marchington 1992: 533). JCCs are intended to improve communication between management and labour (Marchington 1992: 534) and address a wide variety of issues, including productivity, technological change and job satisfaction. Even so, as we will demonstrate, the mandatory consultation term lags well behind European Directives. Legal support for workplace cooperation in Australia thus remains underdeveloped in comparison with the European social partnership model.

This chapter will, firstly, provide a case study on joint consultation in Australian labour law and the influences of government policies, briefly comparing the *FWA* with comparable EU laws underpinning the European social partnership model. Secondly, it will examine the socio-economic environment in which the labour law and industrial relations system operates. Thirdly, we discuss the reasons for and obstacles to the development of an advanced social partnership model in Australia.

Joint Consultation in Australia: A Case Study on Australian Labour Law and Policy

The development of the legal regulation of joint consultation between management and employees in Australia provides a local case study of workplace partnership. We also assess Australia’s current laws in comparison with the European social partnership model and consider generally how legal regulation may advance, support or limit employee voice.

A Brief History of Joint Consultation in Australia

Australian governments have engaged in significant legislative changes to industrial relations laws over the past two decades. Governments of both political persuasions, the centre-left-leaning Labour party and

the conservative Coalition, have been motivated by the need to change economic and organisational conditions to meet the challenges of globalisation. The most profound change was a shift in Australia's industrial relations system from one in which wage fixing was conducted centrally by a national tribunal to a system based on enterprise bargaining. The shift to enterprise bargaining was supported by organised labour and capital. However, political and ideological differences were manifest in disagreements over the legal regulation of joint consultation. From the later part of the twentieth century, JCCs have been either voluntarily established by management or mandated by legislation and tribunal determinations (Patmore 2010). Historically, Australia has periodically adopted two distinct forms of legal regulation of representative consultation.

Information sharing and consultation have been legally supported by either:

- (a) settlement of workplace disputes by industrial tribunals; or
- (b) through legislative conditions imposed on the making of enterprise agreements negotiated between the industrial partners themselves. (Patmore 2010)

Legal support was provided by the Keating Labour government for information and consultation over proposed redundancies and other workplace changes in the late 1980s and over efficiency and productivity issues in the early 1990s. These procedures were made conditions of employment through orders of state and federal tribunals. Such orders are known as arbitrated awards (Patmore 2010).

The spread of JCCs between employee representatives and management, set up to deal with issues of 'efficiency and productivity', was a result of the *National Wage Case*, handed down in April 1991 by the former Federal Tribunal, known today as the Fair Work Commission (Combet 2003: 165; Patmore 2010).

These Keating government initiatives to promote efficiency and productivity were removed by the Howard government after it won office in 1996.¹ While this conservative government supported enterprise bar-

¹ See *Workplace Relations Act 1996* (Cth) s 89A; *Re Award Simplification Decision* (1997) 75 IR 272.

gaining, it opposed the enforcement of employee participation by legislation (Liberal-National Party Coalition 1996; Patmore 2010).

Subsequent legislation also removed from the award system the requirement to use consultative mechanisms to deal with proposed redundancies, productivity and other workplace changes.² The Howard government legislation simply allowed the establishment of consultative committees through agreement at the workplace level (Patmore 2010).

In 2007, the conservative government lost the federal election to the Australian Labour Party, partly due to the government's 'radical' industrial relations agenda. The Rudd/Gillard government reinstated legal support for procedures over 'consultation, representation and dispute settlement' as terms in some employment contracts forming part of a modern award (*FWA* section 139(j)). It also provided that enterprise agreements must include a term requiring consultation of representatives over major workplace change (*FWA* section 205; Patmore 2010). Consequently, every award and workplace agreement must have a consultation term, dramatically increasing representative consultation in Australia.

A model consultation term for enterprise agreements is prescribed in the *Fair Work Act Regulations 2009* (Cth) (*FWA Regulations*), which require consultation with relevant employees or appointment of an employee representative. Consultation is required when the employer has made a definite decision to introduce a major change likely to have a significant effect on employees where it results in:

- (a) the termination of the employment of employees;
- (b) major change to the composition, operation or size of the employer's workforce or to the skills required of employees;
- (c) the elimination or diminution of job opportunities (including opportunities for promotion or tenure);
- (d) the alteration of hours of work;
- (e) the need to retrain employees;
- (f) the need to relocate employees to another workplace; or
- (g) the restructuring of jobs (*FWA Regulations* Sch 2.3(9)).

² See *Workplace Relations Act 1996* (Cth); *Workplace Relations Amendment (Work Choices) Act 2005* (Cth).

Amendments to the *FWA Regulations* in 2013 introduced new procedural requirements. Where there is a decision to implement major workplace change, Schedule 2.3 of the model term now requires that the employer:

- notify the relevant employees of the decision to introduce the major change (r 2(a));
- provide relevant information in writing to the employees about the change (r 2(a)), including its nature and expected effects (r 5(b));
- discuss with the relevant employees the introduction of the change, its likely effect on employees and measures to mitigate adverse effects of the change (r 5(b)); and
- give prompt and genuine consideration to matters raised about the major change by relevant employees (r 7).

However, the employer is not required to disclose confidential or commercially sensitive information to relevant employees (r 6).

Further amendments in 2013 require agreements to include a term for consultation of representatives about change to the regular roster or ordinary hours of work of employees (*FWA* section 205(1)(a)(ii)).³

Section 205 (1) (a) provides for a similar consultation process to be included in a term in an enterprise agreement regarding such change. In relation to changes to an employee's regular roster or ordinary hours of work, the term must require the employer:

- to provide information to the employees about the change;
- to invite employees to give their views about the impact of the change (including any impact in relation to their family and caring responsibilities); and
- to consider any views put forward by those employees about the impact of the change (*FWA Explanatory Memorandum*: [48]).

Amendments to the *Regulations* in 2013 pertaining to changes to regular rosters or hours of work have introduced similar procedural requirements

³The *Fair Work Amendment Act* 2013 also amended the *Fair Work Act 2009* 'by inserting a new provision, s.145A, which provides that all modern awards must include a term requiring employers to consult employees about a change to their regular roster or ordinary hours of work': *Re Consultation Clause* [2013] FWCFB 10165 [1].

to the procedures for major workplace change, including for discussion of the change, the exclusion of commercially sensitive information and giving prompt and genuine consideration to matters raised about the change by relevant employees (*FWA Regulations* Sch 2.3 (14)).

This consultation term is triggered where the change relates to ordinary working hours:

regardless of whether an employee is permanent or casual, where that employee has an understanding of, and reliance on the fact that, their working arrangements are regular and systematic, *any change that would have an impact upon those arrangements will trigger the consultation requirement ...* (*FWA Regulations* Sch 2.3 (14) [emphasis added])

However, the term 'does not apply where an employee has irregular, sporadic or unpredictable working hours' (*FWA Regulations* Sch 2.3 (14)).

The 2013 amendments are significant. They extend the scope of the consultation term beyond major workplace change. Even where the impact of a change to regular hours of work of employees does not constitute major workplace change, an employer will nevertheless be subject to the same consultation obligation.

Secondly, s 205 and the amended *Regulations* provide for new direct and indirect consultation procedures. Either direct consultation with employees or indirect consultation through employee representatives is required for proposed changes to ordinary hours of work and major workplace change. The employer must consult with 'relevant employees', which means the employees who may be affected by the change (*FWA Regulations* Sch 2.3 (14)).

The relevant employees may appoint a representative for the purposes of the procedures in this term (*FWA Regulations* Sch 2.3 (3)). If an employee or employees appoint a representative, *she* must be recognised by the employer (*FWA Regulations* Sch 2.3 (4)).

Thirdly, the amendment alters the time when consultation is to take place. The *FWA Regulations* require consultation only when a definite decision has been made to introduce a major workplace change and not earlier (Mattson 2012: [45]). As such, there is no requirement to consult over such change before a decision is made. By contrast, the amended s 205 of the *FWA*

requires consultation of employees in the making of a decision to change the ordinary hours of work (in particular, any impact upon the employees, family and caring responsibilities) (*Re Consultation Clause*: [44]). In other words, consultation must occur before any proposed change is implemented or a definite decision is made (*Re Consultation Clause*: [31]–[32], [38]; Stewart 2015: [11.10]).⁴ The amendment ensures that employers cannot make unilateral decisions in relation to such matters. However, a right to consultation is not a veto right (*Re Consultation Clause*: [1]; Stewart 2015: [11.10]).

If an enterprise agreement does not include a consultation term in compliance with s 205, then the model term is taken to be a condition of the agreement.⁵ Alternatively, employers and employees may negotiate their own term that may be consistent with, or even go beyond, the requirements in the model term. An application may be made to a court to enforce compliance with the model consultation term, including the new requirement in relation to regular rosters and ordinary working hours (*FWA Explanatory Memorandum*: [48]; [63]; *FWA Ch 4*).

Overall, the mandatory term in Australia has not prescribed a committee structure for information and consultation of employees. Rather, it provides for direct and indirect consultation of employees over major workplace change and change to regular hours of work. The requirement in s 205 that employers allow for the representation of employees provides an impetus for the drafting of consultation terms that establish JCCs. The Rudd government's initiatives suggest a 'protectionist' approach and a modernising agenda, which stand in contrast to the more voluntarist, 'free market approach' of the former Howard government. This is illustrated by the 2013 Amendments, which 'strengthen protections for employees against changes to rosters or working hours that may impact on their family life' (Stewart 2015: [11.10]).

⁴This is made clear in the amended regulations requirement that consultation must occur 'as soon as practicable after proposing to introduce the change': *Fair Work Regulations 2009* (Cth) Schedule 2.3 (5).

⁵For example, a clause in an agreement did not comply with s 205 by excluding casual workers from having consultation rights: see *CFMEU v St John of God Healthcare Inc* [2014] FWCFCB 4011; Andrew Stewart, *Stewart's Guide to Employment Law* (The Federation Press, 5th ed, 2015) [8.31].

The Rudd/Gillard government's initiatives are an improvement on the earlier Keating provisions by specifying topics and the process through which consultation is to occur. However, the provisions are vague, not explicitly stating the precise procedures for appointment of representatives. The provisions offer flexibility but not guidance on the functioning of JCCs. The absence of clear regulatory criteria specifying the composition of committees, mode of appointment or frequency of meetings means that guidance for employee input into Australian corporate decision-making can be contrasted unfavourably with the more specific legislative criteria for representation and involvement of employees in Europe through works councils in countries like Germany and the Netherlands. The law has not changed following the election of the new conservative Abbott Government in 2013. There remains, therefore, no requirement for an ongoing committee structure enabling consultation over workplace changes. The current provision for major change consultation therefore lags well behind European directives and laws in member states which foster ongoing information and consultation over important topics and engage employees in the decision-making process itself. The model term does not provide an effective model for workplace partnership in the light of best legislative practice.

Socio-economic Contexts in Australia

Apart from the changes in government policies and to labour laws, social partnership institutions and partnership practices at workplaces in Australia also evolve with shifts in economic conditions and interact with the attitudes and behaviours of social partners (employers, employees and their representatives in union or non-union forms).

The Influences of Economic Conditions

Shifting economic conditions—such as intensified market competition, globalisation and the most recent global financial crisis—have had significant ramifications for ER in Australia.

Since the 1990s, despite the relative success of the national economy, its growing exposure to international competition has led to increasing calls for economic reform. In response, laws regulating corporations were reformed to allow for an enhanced alignment of management and shareholder interests (Jones et al. 2008). At the same time, the widespread adoption of the ‘core business’ ideology (where organisations focus on the businesses in which they were most competent and competitively placed) led to major restructuring within both publicly and privately owned companies throughout the 1990s and into the early 2000s (Jones et al. 2008). Consequently, a large number of previously state and federally owned enterprises have been privatised. Privately owned companies also began cutting or outsourcing functions considered to be more efficiently undertaken externally or offshore. These trends were exacerbated by the 2008 global financial crisis (Kler et al. 2015; Todd 2014), although Australia did survive the 2008/2009 global financial crisis relatively well, due to the protection afforded by government investment in infrastructure projects, a strong resources sector, and almost \$13 billion in one-off bonus payments to individual Australian taxpayers (Waring and Lewer 2013; Townsend et al. 2014).

Corporate restructuring, outsourcing and downsizing had, and continue to have, profound implications for the ability of the local workforce in Australia to influence their employment conditions. For example, unions were weakened, job flexibility was imposed at the expense of work–life balance and workers were less able to exert pressure on employers in relation to wages and working conditions (Peetz 2015; Healy 2015). Furthermore, the number of people holding jobs that were particularly vulnerable to the effects of these developments—such as members of non-core groups hired back as temporary contractors, casual employees or those within associated businesses—increased (Jones et al. 2008; Bailey and Peetz 2015).

There has also been a structural change in the Australian economy and labour market, with the recent decades witnessing a shift away from agriculture and manufacturing towards the professional, health care, scientific and technical services (Productivity Commission 2013; Healy 2015). Wages are increasingly negotiated at the workplace level (Productivity Commission 2013), with the wages of approximately 42 % of the Australian workforce

determined by a collective agreement (ABS 2014). The minimum wage, National Employment Standards and modern awards form a safety net of sorts, but an earnings inequality is evident and rising in Australia (Peetz 2015; Todd 2014), which could cause conflict in ER.

Attitudes and Behaviour of Major Social Partners (Employers, Employees and Trade Unions)

The development of ER, including social partnership arrangements, is shaped by the attitudes and behaviours of major actors, including government, employees and employers and their respective representatives (Todd 2014; Townsend et al. 2014).

It should be noted that Australia, like the UK, has an ER system that has historically been predicated upon an adversarial relationship between management and unions (Holland et al. 2012; Bailey and Peetz 2015). Within Australian workplaces, employer attitudes and the general ER culture have been identified as major barriers to the establishment of effective representative works councils or similar bodies (Gollan and Patmore 2006; Markey 2007; Gollan et al. 2014) and, hence, to the promulgation of workplace partnership. Opposition from management may arise because managers fear that such arrangements will undermine their managerial prerogative (Gollan and Patmore 2006). Alternatively, management may believe that the imposition of employee information and consultation rights would hamper their ability to make prompt decisions and require them to accommodate employee interests, to the detriment of efficient management (Gollan and Patmore 2006). In our view, the fact that final decisions remain the power of management—as demonstrated in Australian case studies (Townsend et al. 2014)—means that this fear is misconceived. Evidence from Europe also demonstrates that the process of consultation does not cause undue delays in managerial decision-making, but rather refines and reshapes managerial decision-making through making it more effective (see also Gollan and Patmore 2006).

Trade unions have been the predominant form of employee representation in Australia, with the peak body being the Australian Council of Trade Unions (ACTU) (see Bailey and Peetz 2015 and Peetz 2015 for more discussion on the union movement in Australia). During most of

the twentieth century, the high membership of Australian unions and their industrial and political strategies have helped some of the employees achieve substantial gains in wages and conditions, in turn moderating or reducing inequality (Peetz 2015). However, over recent decades, trade union density and influence in Australia have significantly diminished (Holland et al. 2012; Bailey and Peetz 2015). Trade union membership has reached a historical low of 17 %, with higher membership recorded in the public sector (42 %) than in the private sector (12 %) (ABS 2014). This trend of non-unionism in Australia has resulted in limited resources for unions and the ‘representation gap’: the absence in many workplaces of any legitimate, independent employee representation arrangements (Taras and Kaufman 2006). It appears, therefore, that the trade unions’ approach to employee representation (such as through tribunal advocacy and forming political agreements with the Australian Labour Party) has not adequately addressed the representation gap (Peetz 2015; Bailey and Peetz 2015). However, it should be recognised that unions throughout the western world have been facing, and struggling to meet, these challenges. We agree with Todd (2014: 326) that

[a]t this stage, there is clearly a need to reframe [industrial relations] discussion in Australia to break the cycle of conflicting claims and counter-claims. The existing debate reflects the multiplicity of interests, often with differing goals, involved in [industrial relations] and therefore the need for a pluralist framework.

The social partnership model of the UK and Europe is an example of a successful pluralist framework. There is also empirical evidence that has emerged from Australian workplaces in support of a pluralist framework involving unions, non-union representation and/or direct involvement of employees (Holland et al. 2009; Price et al. 2014; Townsend et al. 2014). We discuss this further in the next section.

Like their overseas counterparts, Australian employees are concerned with the security, wages and conditions, other economic benefits and working hours of their jobs, as well as the need to make allowance for caring responsibilities and preserve their own psychological wellbeing (Todd 2014; Australian Psychology Society 2015).

However, from the 1980s, working hours have increased, work itself has intensified and work–life balance has been under strain (Baker et al. 2014; Campbell 2002; Green 2004; Peetz 2015). These trends in conjunction with the abovementioned increase in precarious jobs, organisation restructuring and outsourcing can adversely affect the health and emotional well-being of working Australians (Peetz 2015). Stress experienced by individual employees can have broader ramifications, potentially causing a deterioration in relations between employees and their management.

Developing Workplace Partnerships in Australia

Conflictual industrial relations are a significant part of the Australian labour relations system (Gollan and Patmore 2006; Holland et al. 2012; Stevens 2012; Todd 2014). However, our analysis shows that this system does accommodate, to an extent, labour–management cooperation. This is demonstrated by the support provided by the *FWA* requirements for information and consultation of employees to the establishment of JCCs.

Below, we outline the reasons for the implementation of a social partnership model in Australia and also address some of the potential obstacles to this development.

Within the legislative and socioeconomic contexts discussed above, the advantages of the social partnership model in the UK have attracted growing interest from Australian academics and policy-makers. A new social contract or partnership between government, employers, the workforce and unions has been called for to ensure the continued resilience and prosperity of the Australian economy and that Australia remains an equitable society (see also Lansbury 2009; Townsend et al. 2013; Todd 2014). The mutuality principle of workplace partnership provides a way to enhance and improve current legislative schemes of employee and management cooperation in Australia.

The EU information and consultation directives are regarded as a vital and positive response to the economic effects of globalisation (Gollan and Patmore 2006). The European directives are based on the principle that

employers and employees should take the lead in modernising the workplace and the workforce (Gollan and Patmore 2006). We argue, therefore, that as Australian firms, like European businesses, have been and are subject to the economic forces of globalisation and the need to remain competitive, partnership arrangements seem to offer similarly significant potential for improving both flexibility and job security in Australian firms as well. We suggest that any law reform in this area should give consideration to the European social partnership model.

Reform should focus on the model consultation term for workplace management consultation in the *FWA*.

The policy behind the *FWA* explicitly supports union representation and collective bargaining, but falls short of replicating the European social partnership model for workplace cooperation. We have suggested that a more useful model of labour management and social partnership should be developed to enhance practices of employee and representative participation. The *FWA* model consultation term only requires limited information and consultation of employees and their representatives, where a more ongoing and comprehensive joint problem-solving approach to decision-making would be more akin to the partnership model and its mutuality principle.

Under Commonwealth law, Australians do not have a general right to be consulted and informed in their workplaces (Combet 2001). New topics for consultation could be included in the model term to provide a better balance between flexibility and security, based on the European social partnership model. Enhanced employment security could be achieved by discussion of skills development, while enhanced productivity and flexibility could be promoted by discussion of topics of firm performance and future sales. These topics for consultation are meant to and would assist Australian businesses in facing global competitive pressures. It is notable that the enhancement of employability, job security and competitiveness underpin the policies of EU directives regarding informing and consulting employees.⁶ Better addressing these issues in Australia would

⁶Key aims mentioned in the preamble of the *EU Directive 2002* are: to promote social dialogue between management and labour; to strengthen dialogue and promote mutual trust within undertakings; and to increase employee availability to undertake measures and activities to increase their employability, promote employee involvement in the operation of the future of the undertaking and increase its competitiveness.

reinforce the fundamental principle of ‘mutual gain’ that lies at the heart of the social partnership model.

Townsend et al. (2013: 255) suggest that ‘trust, mutual legitimacy and commitment to the success of the business’ are central features of the social partnership model.

The benefits of the social partnership approach and encouraging greater employee voice are well documented in the literature, and government policy and legislative support are identified as essential contexts and pre-conditions (Mitchell and O’Donnell 2007; Jones et al. 2008; Townsend et al. 2013). However, we agree with the view that policy and institutional support are not, by themselves, *sufficient* conditions for effective labour–management cooperation and workplace partnership. Therefore, the future of a social partnership model in Australia depends not only on policy and legislative reform, but also on a range of other factors, nationally and in the workplace such as a collaborative, as opposed to an adversarial, ER culture.

Above all, the development of a social partnership model requires an attitudinal paradigm shift in favour of collaboration in workplace relations. All parties—government, employers and employees and their representatives (union or non-union)—will need to share a genuine interest in reform and take a non-adversarial approach towards it.

There is empirical support in the literature for the proposition that a collaborative industrial relations climate has a moderating and desirable effect on employee voice (see, e.g., Holland et al. 2009; Price et al. 2014 and Townsend et al. 2014). In their recent case study on the Shop, Distributive and Allied Employees’ Association (SDA), one of the largest unions in Australia, Price et al. (2014) found that through collaboration strategies such as a servicing approach and the avoidance of aggressively organising members against employers, the union achieved a range of outcomes that greatly improved retail employment conditions. The two major processes involved in the ‘collaboration’ between the SDA and the employers were making interpersonal connections between union officials and company managers and engaging in cooperative collective bargaining. Through these processes, the SDA achieved significant gains for its members and also improved its relationship with company managers.

Cooperative collective bargaining by employees of Woolworths and Coles, the two biggest supermarket chains in Australia, brought about above average weekly wages: The weekly wage is \$725, which represents a 12 % premium above the average (Price et al. 2014). Moreover, Townsend et al. (2014) draw on three comparative case studies from the hotel industry in Australia to suggest that engaging directly with employees and having a genuine ‘partnership’ with or without unions will achieve better ER and organisational outcomes than employee engagement with a ‘traditional’ conflictual approach. Chapter 12 of the book presents a unique case of enduring labour–management collaboration within a non-union setting in Australia.

A study into the Australian JCCs as an alternative form of employee voice (Holland et al. 2009) found a positive association between the presence of JCCs and the employees’ perceptions of favourable management attitudes to unions ‘where management was perceived to be favourable to unions, 74.2 % of respondents reported the presence of a JCC, compared with only 40.6 % where management were perceived to be opposed to unions’ (Holland et al. (2009), 83). Studies in other countries, such as the UK and New Zealand, have returned similar findings (Haynes et al. 2005; Holland et al. 2009).

The Holland et al. (2009) study also identified a positive association between the incidence of JCCs and the presence of unions. The authors even suggest that union presence is both a significant predictor of joint consultation and a contributor to the effectiveness of JCCs. The authors attribute this positive relationship to support from government policy and management’s realisation of the value of union participation in the pursuit of efficiency and flexibility.

In the light of the decline in union density in Australia, the above observation provides an incentive for Australian unions to pursue a workplace partnership as an effective means to counter the significant representation gap and weakened union influence. Experience from the UK’s peak union body, the Trade Union Council, suggests that advocating partnership arrangements could maintain and even strengthen unions’ role in the ER system (Danford et al. 2005; Haynes and Allen 2001).

Thus, the relevant empirical research provides evidence for the development of statutory support for employee representation and trade unions’ participation in the JCCs.

It was once thought that the Australian process of adversarial collective bargaining could ‘taint’ consultative procedures like JCCs (Forsyth et al. 2007). The European social partnership model avoids this problem by separating different worker representation functions, so that while unions conduct collective bargaining, other bodies such as works councils participate in consultation with management (Forsyth et al. 2007; Gollan and Patmore 2006). Importantly, the European social partnership model removes the contentious issue of pay from the consultation process. Similarly, in Australia, under the current *FWA* provisions, consultation is only mandated for major workplace change and change to regular hours of work. Indeed, some union and management workplace agreements provide for a consultation committee and a separate grievances committee to deal with disagreements over workplace consultation. Accordingly, the Australian consultation term also limits the impact of adversarial attitudes by differentiating worker representation functions.

As discussed above, in Australia, employer attitudes and the general ER culture have been identified as major barriers to the establishment of effective representative bodies and, potentially, social partnership arrangements (Gollan and Patmore 2006; Markey 2007; Gollan et al. 2014). In addition to the successful UK experience discussed previously, recent research conducted within Australian workplaces is notable, particularly findings in relation to the dangers of an overemphasis on the managerial prerogative. For example, Holland et al. (2012), in their analysis of the 2007 Australian Worker Representation and Participation Survey, found that a perceived overemphasis on managerial prerogative in decision-making at the expense of other stakeholders has led employees to feel lower levels of trust towards their management (Holland et al. 2012). This finding is previously supported in the UK context (Bryson et al. 2007). Within the industries where skill shortages persist, managers have increasingly focused on building relationships with the employees so as to retain skilled workers, who are becoming increasingly aware of their value and mobility in the Australian labour market (Holland et al. 2012). Increased communication and information sharing develops a level of certainty, predictability, understanding and responsiveness in ER, leading to increased trust (Holland et al. 2012). Mutual trust in labour–management relationships constitutes one of the cornerstones for workplace partnerships (Townsend et al. 2013). Increased trust and responsiveness

in ER can subsequently enhance joint problem-solving and decision making, thus improving organisational efficiency (Dietz 2004; Tailby et al. 2007).

Finally, the adoption of a social partnership approach may have significant implications for employee well-being, but this remains an under-investigated area. We contend that this topic deserves greater attention from academics, management and policy-makers, as employee well-being has associated indirect costs to the economy, organisations and individual Australians (Carmeli et al. 2010; Dyble 2014; Sharma and Kumar 2014; Lepine et al. 2005). Given that there is some correlation between information and consultation of employees and enhanced job satisfaction (Townsend et al. 2013), a social partnership approach to ER, which takes account of major partners' economic and social interests, may provide a plausible means to address these problems.

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8

Battling in a Bleak Environment: The New Zealand Context for Partnership

Helen Delaney and Nigel Haworth

Introduction

Support for partnership survives in New Zealand, but only just. Its survival is remarkable because of the impact of legislative changes and the post-1984 reform period. In this chapter, we argue that the impact of the early employment relations (ER) legislation, in conjunction with political and economic developments, constrained the emergence of broader patterns of industrial democracy and partnership. Put in a different way, the very success of the ER model imposed by the legislation limited the space and opportunity for different forms of employee voice to emerge in parallel with the institutions of award-based collective bargaining. In the

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mid-1980s, a neoliberal reform model was introduced in New Zealand, bringing with it new ER legislation and crowding out much of the space in which partnership might have developed.

The clearest way in which we can understand both success and limitation is to provide a chronological narrative. In this chapter, we identify four phases in the development of ER in New Zealand. These are:

1. 1840–1984: From colony to neoliberal benchmark
2. 1984–1999: The Long Summer of Neo-Liberalism
3. 1999–2008: Half-speed retreat from neoliberalism
4. 2008–2015: Pragmatic conservatism and the Employment Contract Act (ECA) by other means

In each period, we consider the political, legislative and economic climate and how this shaped patterns of partnership. We also discuss the impact and outcomes of various institutions and initiatives set up in support of partnership.

We do not address in any detail the unitarist traditions of top–down workplace change. Instead, we look at the multiple attempts made to improve New Zealand’s economic performance by means of workplace reform involving ‘genuine’ partnership, where genuine denotes a commitment to fostering legitimate employee voice beyond unitarist arrangements. In New Zealand, genuine partnership was and is primarily the ambition of trade unions. At the heart of these campaigns have been a small number of unions, organisations and individuals with sustained interest in the project. They are distinguished from the far larger group of firms and consultants who have been active in the commercialisation of managerial solutions to productivity challenges (e.g. via lean management techniques).

1840–1984: From Colony to Neoliberal Benchmark

Looming over the 1840–1984 period is the 1894 Industrial Conciliation and Arbitration Act. Its origins lie proximately in a liberal progressive political response to the 1890 Maritime Strike, which was a particularly

challenging defeat for the labour movement. More generally, the Act reflected a shift from the piecemeal adoption of UK legislation in the ER area to a more confident and independent approach to New Zealand issues. The Act was in part derived from Australian thinking and practice, and was imbued with the confidence of a settler state finding its institutional feet (see Deeks et al. 1994, for more detail).

The essence of the Act was the promotion of regulated bargaining outcomes, achieved where necessary by formal arbitration procedures, backed up by specialist judicial institutions. The arbitration process and its outcomes (called 'awards') were open to those institutions willing to register under the terms and conditions of the Act. For unions, especially weak unions, registration offered legislated protection in the bargaining process, provided they were willing to accept binding arbitration. Some unions were not prepared to make that compromise, and instead remained unregistered in order to bargain outside the regulations established by the Act (Deeks and Rasmussen 2002). Whilst that tradition remained an active feature of the New Zealand system throughout the twentieth century, it fair to say that the arbitration route became the dominant ER mechanism.

The hegemony of the arbitration model bore with it important consequences for the development of employee voice in New Zealand. It is interesting to speculate on the significance of such a profound institutionalisation of bargaining emerging at an early stage of New Zealand's economic and political development. First, for organised labour, the options were either to register and accept the constraints of arbitration, or remain independent and rely on organisational strength. The latter route in general failed, in part because large battalions of the labour movement had accepted the arbitration model. Second, in terms of employer strategy, an alternative existed alongside bargaining, either under arbitration or not. In an emerging, small-scale, generally unsophisticated industrial structure, paternalism remained a potent force within the workplace. This is an undeveloped theme in the study of New Zealand ER, but has existed alongside, and interacted with, the formal bargaining process.

Thus, for much of the period after 1894 through into the post-war period, bargaining, mainly in its registered mode, but also on an unregistered basis, competed with an informal paternalism in the workplace.

An initial conclusion might be that a combination of bargaining, registered and unregistered, and paternalism ‘crowded out’ alternatives or parallel modes of employee voice, particularly in the sphere of industrial democracy. Moreover, even when the arbitration system went into decline from the late-1960s onwards, that decline did not engender a significant debate or controversy about what might replace it. Rather, the entrenched system sought to adjust to changing circumstances in what became a failed attempt to sustain the arbitration model. The demise of the 1894 model left a vacuum in which dramatic ER reform could be launched successfully.

1984–1999: The Long Summer of Neoliberalism

Political and Legislative Climate

The Fourth Labour Government came to power in 1984 and, unexpectedly, began a process which made New Zealand the ideal type of neoliberal reform. The details of this reform are beyond the scope of this chapter (see Carlyon and Morrow 2013; Kelsey 1997; Larner et al. 2007; Menz 2005); rather, we focus on the ideological impact on ER.

The reform process fell into two stages. Between 1984 and 1990, successive Labour governments restructured the domestic economy in a wave of privatisation, corporatisation and deregulation unmatched in depth and speed in the Organisation for Economic Co-operation and Development (OECD). Labour was not elected on this platform of reform. Rather, upon election in 1984 and facing an immediate currency crisis, a powerful subset of the government launched what was in effect an policy coup, supported by key officials in the Treasury (Ministry of Finance), the Reserve Bank (the central bank) and elsewhere in the public service. Opposition to the reform process within the Labour Party was swept away in the short term. The influence of trade unions on policy was marginalised, as was much of the voice of civil society. Instead, business interests took centre stage as competitiveness became a clarion call.

The radical and unexpected aspects of the reform process are important for our understanding of its impacts on the labour market and ER.

In the first phase of economic reform, labour market and ER reform was a secondary focus. Attempts were made to promote a move in two directions. The first was to create bigger and stronger unions from the plethora of small operations created by the awards system. This reflected a belief that bigger, better-resourced 'modern' unions would be better equipped to service members, whilst also becoming more in tune with the operation of a reformed economy. The second direction was to promote modestly an increase in enterprise-based bargaining. Legislation encouraged unions to consider a shift from awards-based bargaining to the enterprise level on a voluntary basis. Whilst not widely taken up, and given little time to embed, this measure was more in tune with the ideological push of the reform process, but seen as too limited by many of that persuasion. Hence, the first phase of reform under-emphasised labour market reform for some and tinkered with ER's legislative framework to little effect. From the perspective of partnership, this ambiguous context embodied the seeds of what was to come—a focus on enterprise bargaining within a neoliberal framework in which managerial prerogative was to be privileged and in which employee voice was to be defined by the space permitted by that prerogative.

ER were a focus of the second stage of neoliberal reform between 1990 and 1999. In 1990, the Labour government gave way to three successive National (conservative) governments. Voters were, once more, surprised by the policy direction adopted in the early days of National power. Until 1984, National had been a party of the post-war consensus, happy to regulate and manage both economy and society on a social conservative basis. Voters elected National in 1990 with some expectation that this tradition would continue. Instead, National adopted the reform agenda introduced by Labour in 1984, committing to complete the reform agenda in two key areas—welfare and the labour market. National introduced dramatic reform of the welfare system, cutting benefits drastically and promoting a strong agenda of individual responsibility. Our interest lies particularly in the labour market reforms embodied in the 1990 ECA.

The ECA might be encapsulated in one striking feature of its drafting. Nowhere in the Act is there a reference to trade unions. The term 'bargaining agent' is used throughout as if the Act and its promoters sought to expunge trade unions from New Zealand's workplaces

(Deeks et al. 1994). And, if this was the intent, in many ways, it was achieved, for union density fell quickly by 50 %, with particular density reductions in the private sector. Overall union density rests around 20 % (Blumenfeld and Ryall 2013). The ECA also brought the public sector—already corporatised—under the same legislative umbrella for the first time, though with fewer adverse effects on union density.

The ECA stripped ER to enterprise bargaining, making multi-employer contracts possible only with employer agreement. De facto, many employers used the Act to remove union presence and place employees on the individual employment contracts preferred by the legislation (Haworth 2010). In this process, penal and overtime rates were often reduced or abolished. The vocabulary of the Act was grounded in choice—for example, the freedom of the employee to choose whether to belong to an employee organisation and the choice of bargaining agent. In practice, that vocabulary sought to obscure a major shift in the balance of power from employee to employer, coupled with a major erosion of collective voice in the workplace (Deeks and Rasmussen 2002).

The ECA had important direct and indirect impacts on patterns of partnership in New Zealand. This involves the economic cycle. It happened that the ECA was introduced at a time when a significant downturn in the economy occurred. Employee vulnerability was increased by the downturn, with a consequent impact on employee responses to the Act's implementation. The Act also played to neoliberal ideology that the way out of crisis was for the enterprise to become more competitive, more flexible and more cost conscious. Thus was born a low-cost mentality in New Zealand business, arguably one of the most damaging impacts of the Act. A focus on the reduction of labour costs has moved New Zealand into a low-wage economy model, in which training and development has been weakened and, perversely, the cheapness of labour has adversely affected levels and distribution of capital investment (Haworth 2013a). Importantly, the low-cost mentality has proved to be a significant barrier to the upfront costs associated with workplace reform in the private sector. Human resources (HR) managers report informally that even when advantages to partnership-based interventions are in principle attractive, a cost control mentality often obstructs implementation. Exceptions to the rule existed, but they highlighted the general lack of interest in partnership (Haworth 2013b).

Partnership and partnership models confronted a 'perfect storm'. The ECA was accompanied by other shifts in ER practices beyond the attack on trade unions and the prioritisation of enterprise bargaining. The economic downturn of the early and mid-1990s, in combination with the widespread adoption of a low-cost mentality and reduced trade union presence gave rise to a strong unitarist and managerialist approach within New Zealand management practice. This was exacerbated by the paternalistic behaviour of owner-managers in the large small-firm sector and the reification of 'business' in the post-1984 neoliberal model. This combination of factors consolidated into an ideological framework which still permeates the New Zealand workplace and is avidly promoted by business and employer representative bodies. As we shall see below, the difficulty for a social democratic government after 1999 to usurp this ideological setting was great, as was its reassertion after 2008 under a new right-wing government.

Exacerbating unitarist behaviour was the emergence of HR professionalisation contemporaneously with the introduction of the ECA. The ECA drove that professionalisation directly in that, under the awards system, the personnel function in New Zealand was constrained by the material and issues covered in the awards. The demise of awards would inevitably require increased sophistication in the HR function, but the dramatic shift to almost universal enterprise bargaining in 1991 demanded a rapid upgrading in HR (Haworth 2013b). Postgraduate courses were swamped by enrolments. Employer organisations were under pressure to provide more and better short-course training in non-union enterprise HR. That upgrading of the HR function was grounded in a post-1991 ER environment in which unions played an ever-decreasing role, and in which unitarist perspectives dominated. Today, the vast majority of HR specialists in New Zealand have no experience of awards and very little experience of working in unionised environments. Ideas of employee voice as a collective, legitimate and important feature of the modern enterprise are alien to most HR managers, who, instead, operate within a framework driven by power distance between the HR function and the employee, the search for HR legitimacy in the senior management echelons of the company and a predominant focus on the individual.

The trade union response to the ECA is also an important factor in the subsequent conditions defining partnership. In general, unions were

slow to understand the long-term implications of the ECA. Immediately, a decline in membership as well as an erosion in bargaining rights and conditions meant unions were confronted by multiple challenges. Early decisions not to oppose publicly the ECA were followed by piecemeal efforts to sustain union presence and bargaining rights in the face of the legislation. The understanding that the ECA was introducing a sea change in the ER environment took longer to embed in union thinking. Initially, the underlying thinking was that a simple change of government would reverse the ECA's effects. Such thinking failed to understand the intention and the effect of the Act, which was to install firmly enterprise arrangements without a collective union voice. As we shall see below, when Labour was re-elected in 1999, the 'change of government' expectation was proved fanciful.

The core public sector behaved somewhat differently from the private sector in this period. Despite corporatisation, and HR professionalisation, union density was sustained at considerable higher levels, such that the real tendency towards managerialism within the sector was confronted by union activism led by some of the largest unions in the country. There was no concerted attempt to eradicate unions in the sector and, in varying degrees, continuing partnership between management and unions. One important effect of this was the emergence in the Public Service Association (PSA), the biggest of the state sector unions, of a sophisticated approach to partnership, which came to fruition in the post-1999 period.

Partnership Initiatives: Workplace Reform and Workplace New Zealand

In the late 1980s and early 1990s, workplace reform, and its associated message of partnership, enjoyed a brief but important flowering. It seemed at one stage that it was a movement of its time, with the potential to create a significant wave of reform. The Workplace New Zealand (WPNZ) movement is the dominant partnership initiative in this period, but it is not alone. Several other relevant measures were attempted, although none took root. For example, in the late 1980s, the Labour government instigated a Committee of Enquiry into Industrial Democracy

(Department of Labour 1989). The enquiry was accorded little status either by the government or the social partners, with the latter ignoring its recommendations (Deeks and Rasmussen 2002). Whether a renewed Labour mandate in 1990 would have seen legislation around industrial democracy is a moot point as National won that election, but in all likelihood, it would not have been a high priority.

Another initiative of the late 1980s was the Health Effectiveness Studies (Ballard and McAndrew 2006). These were a series of studies of productivity, staffing and work conditions in the state health sector involving employer and union parties. Little was made public about the studies and their impact, and a general conclusion is that they had little immediate effect (Ballard and McAndrew 2006). However, the key union in the sector, the PSA, was to become a driving force for partnership in the public sector, and the health sector subsequently recurs as a site of partnership-based initiatives (MacNeil et al. 2011). It is possible, therefore, that these studies did have a subsequent effect on union and employer thinking.

On the cusp of the transition to the ECA, a grouping emerged that promoted partnership around both performance and distributional agendas. At its core were large unions (e.g. the New Zealand Engineers, Printers and Manufacturing Union [EPMU] and the PSA) and some large employers (e.g. Fisher and Paykel), primarily in the manufacturing sector (Boxall and Haynes 1997). The name Workplace New Zealand (WPNZ) was adopted, and the movement began an ambitious programme of capability development and conferences. Its most notable event was the 1992 conference, in the year after the introduction of the ECA. A large conference, it attracted over 600 participants and addressed a wide range of partnership-based issues (Ballard and McAndrew 2006). It drew heavily on international experience, but also recognised the need for initiatives to address the specifics of the New Zealand environment (Perry et al. 1995). The following quote captures its approach:

A comprehensive and integrated approach to redesigning the organization and management of work to achieve improvements in economic performance and adaptability and an improved life for staff. The redesign goes beyond shop floor production, service and processing systems to involve

the integration of work organization with technology, information, learning, and quality and reward systems. Under workplace reform the twin goals of economic efficiency and an improved quality of working life become the optimal strategy. The participative and democratic workplace becomes the most efficient and productive workplace. (WPNZ 1993)

WPNZ marked a number of significant changes in ER in New Zealand. WPNZ can be seen as a challenge to the ideology that supported the ECA. The WPNZ agenda stood in stark contrast to the ECA and provided a context for the debate of ER futures. In practice, if WPNZ was the loser in that confrontation, it created a community of ideas and people, a cadre seeking the political space to innovate within a partnership framework (Harvey 1992, 2004).

A key idea within that cadre became the need for a catalyst for change in ER direction towards partnership. That catalyst would probably operate within a post-ECA ER model following a change of government and would have the promotion of partnership at its heart. The role of partnership would be dual: an integrated approach in which improved economic performance was melded with improved working conditions and rewards, combined under an overarching commitment to a democratic workplace. Here, international experience, initially from Northern Europe, and later from Ireland, South Africa and elsewhere, came into play as examples of successful partnership were investigated (Rasmussen et al. 2006). An insight drawn from international experience was the benefits to be found in the effective resourcing and promotion of partnership, and the need for a lead institution charged with its promotion.

The role of partnership within a high-performance economic model was also given life by the debate around WPNZ. If partnership was understood to be a positive feature of the workplace, it was also seen to be a key underpinning of an innovative, high-skill, high-performance economy. Transformational ER were, in this view, an essential component of economic transformation (a term which became the leitmotif of the post-1999 Labour-led governments). Partnership became particularly linked to manufacturing and high-technology sectors, precisely those sectors expected to lead the New Zealand economy away from its primary agriculture foundation.

WPNZ had another important consequence. Leading trade unionists involved in its membership often became advocates for 'modern' trade unionism. Whilst not universally the case, modern trade unionism of the twenty-first century owed much to the foundations provided by WPNZ, in that union leaders and activists involved in WPNZ became the leadership of unions in later years and carried with them a message about positive-sum partnership in workplaces and industries. To the extent that the UK 'Third Way' became a factor in New Zealand politics (Chatterjee 1999), there was some overlap between it, modern unionism and economic transformation.

1998–2008: Half-Speed Retreat from Neoliberalism

Political and Legislative Climate

Three Labour-led governments were in power between 1999 and 2008. In principle, and to some extent in practice, they were more attuned to the partnership message, both in terms of ER legislation and broader policy settings. The leitmotif of this period was the Employment Relations Act (ERA), introduced in 2000 and intended to provide an alternative ER framework to that of the ECA. Substantially amended, it remains in place today. The ERA sat within a broader strategy or framework of employee rights, in which bargaining arrangements were nested in a range of related measures, covering, for example, job security, equal opportunity, and health and safety. Bargaining and the collective determination of wages and conditions were to be allied with a strong foundation of employee rights in law.

The ERA was developed in a different manner from the ECA. The ECA was the product of a small group of committed neoliberal thinkers, seeking to create a new ER paradigm for New Zealand. The ERA had its gestation in an extended period of discussion within the labour movement during the post-1991 period. Key drivers of the legislation were found in the New Zealand Council of Trade Unions (CTU) and in

labour market and law specialists associated with the Labour Party. Many in the labour movement expected the legislation to reverse the effects of the ECA and introduce a strong collective bargaining model (Haworth 2004). That expectation reflected a belief that a Labour-led government would be firmly aligned with the interests of a much-assailed trade union movement.

The avowed purpose of the ERA was to promote improved economic performance by means of cooperative, pluralist ER arrangements. Its economic goals were substantially consistent with those of the ECA, but the methods of their achievement were to be different. The ERA maintained the ECA's voluntary unionism and its provisions for individual arrangements. However, by giving unions certain advantages, such as the right to commence bargaining, provisions for multi-employer arrangements and access to 'good faith' provisions, it sought to rebalance the power relations between employer and union that had been fostered by the ECA. The ERA was not in any way a return to the awards model and, indeed, adopted some of the key elements of the ECA, especially its voluntarism. This was a deliberate policy and political choice in that the minister responsible for the introduction of the ERA was convinced that a pluralist, voluntarist alternative based on good faith was a forward-looking option for a modern, diversifying economy. Elements of the trade union movement and wider labour movement were vociferous in their criticisms of this stance, and the debate about what might have been is still current.

Political realists understand the limitations embodied in the ERA. When Labour came to power in 1999, ER legislation was a very visible and potent issue. Employers were aware that new legislation would be introduced. They were adamant—at least, at the level of their representative organisations—that there would be no return to awards and no watering-down of the freedoms given to employers by the ECA. Hence, ER reform became a publicly contested issue, in which even mild reform was castigated by employers as a major retrograde step. In that debate, the responsible minister was personally demonised as a radical feminist leading a crusade against employers. Moreover, the threat of a 'strike of capital' was invoked in opposition to the ER Bill. In hindsight, the intensity of employer opposition to the ERA seems exaggerated and out of proportion with the measure. Then, however, the contrast between the

ideological purity of the New Zealand reform process after 1984, and even modest rebalancing of the ER framework, was such to create major dissension. The Labour-led government responded pragmatically to employer pressure on ER reform. It went to considerable lengths to show that it was not anti-business and to build stronger relationships with the business sector. It allowed some further amendments of ERA in 2004, but was very wary of any measure that might provoke a major backlash from employers. The responsible minister was in due course moved to other duties in Cabinet as a clear signal that radical ER were off the political agenda. The ERA stemmed the impact of the ECA on union density, but did little to reverse the decline, and it moderated some of adverse wage impacts attributed to the ECA. Trade unions have recognised its advantages, but the refrain continues that it was too timid and ineffectual in terms of support for collective bargaining. Many employers continued to regard the ERA as an unnecessary and damaging move backwards, and awaited a return to a National-led government.

Partnership Initiatives: Productivity and the Partnership Resource Centre

Despite the complex political environment, the 1999–2008 period is ripe with initiatives directly or indirectly linked to partnership (Haworth 2010). In 1999, the Department of Labour developed a Human Capability Framework in an attempt to provide a more balanced picture of work and workplace organisations in New Zealand. The framework argued that there had been a tendency in New Zealand to understand work and work environments in terms of a dominant human capital perspective, in tune with a market-driven analysis of the labour market. In adopting a human capability approach, the framework posited agency and moral status as embodied in people, rather than presenting people simply as a passive resource (Bryson and O’Neil 2008). The creation of the framework mirrors a range of initiatives in which employee training and recognition were recognised, for example, an Aged Care Forum and a Tripartite Health Forum (Ballard and McAndrew 2006). Tripartism was used again in the 2003 Pay and Employment Equity Task Force

(May and Lonti 2003). In general, throughout the 1999–2008 period, governments sought to use tripartism, to the point that, on occasion, finding trade union representatives became a challenge.

Labour-led governments also introduced a raft of work and productivity projects. All were linked to the governments' Economic Transformation (ET) agenda. ET was Labour's approach to the perennial issues of economic diversification and improved productivity. Successive governments had tried to move New Zealand from its primary product dependence, either by intervention or by aspirations invested in the operation of free markets. Despite such efforts, New Zealand's productivity performance was, and remains, patchy (New Zealand Treasury 2008a, b, c). Both the ECA and the ERA were presented as important conditioning measures in the hunt for improved economic and productivity performance.

One stream of activity, begun in 2002 and continued after the change to a National government in 2008, was the Future of Work Programme (Grimmond and Guest 2002). Like many other OECD economies, changing demographics, technologies and competitive drivers in the global economy were seen to be changing the way work was organised in New Zealand. In this context, the idea of high-performance workplaces became current, again reflecting international debates. The idea of 'worker voice' was also promoted in the Programme. In 2008, under a National-led government, the programme began the Workforce 2020 programme, explicitly looking at the effects in New Zealand of demographic changes, productivity, resource pressures, globalisation and the 2008 global recession (Department of Labour 2008a). In its later incarnation, ideas such as worker voice were marginalised.

The primary arena for government action in the 1999–2008 period was productivity improvement. A series of projects marked this space, contributing both directly and indirectly to a cluster of partnership initiatives. The sequencing of projects is as follows:

1. Workplace Productivity Working Group (2004): This was a tripartite body, sponsored by the Department of Labour, which included a leading partnership proponent. Its output was 'The Workplace Productivity Challenge' (Workplace Productivity Working Group 2004), a report

- which charted New Zealand's poor productivity performance over many years and identified seven drivers of improved productivity (leadership and management, work organisation, investing in people and skills, innovation and technology, workplace culture, networks and connections, and measuring what matters).
2. Workplace Productivity Agenda (WPA) (2004): This was the major umbrella for activities which followed from the Working Group's efforts. It was a means to distribute funds and support for projects in tune with the recommendations of the Working Group. Examples of projects were private and public sector productivity resource kits offering various tools and resources designed to improve workplace productivity (e.g. [Department of Labour n.d.](#)).
 3. Workplace Productivity Reference Group (WPRG) (2005): This was a tripartite body established to give strategic leadership to the WPA. Making use of International Labour Organization's (ILO) definitions of social partnership, the WPRG undertook workstreams in areas such as the skills–productivity nexus (Department of Labour [2008b](#)). However, it was abolished on the change of government in 2008.

The productivity focus between 2004 and 2008 was tripartite, had a strong workplace emphasis and made use of social partnership vocabulary (Haworth [2010](#)). It was a sequence of activities and organisations long in meetings and institutions but relatively short in impact. Its impact was weakened by a number of factors. Ministerial and public officials' support was inconsistent. Employers, whilst accepting the need for improved productivity, more often than not paid lip service to the tripartite and partnership elements of the programme. Unions participated, but within the constraints imposed by their ambivalence towards anything to do with productivity. There was an element of 'going through the political motions' as the agenda developed, and it is telling that the change of government in 2008 saw the agenda disappear without trace.

However, overlapping the WPA was a cluster of partnership-related activities, unique in New Zealand's ER history. The cluster owed something to the WPNZ project of the late 1980s–early 1990s, something to the tenacity of some unions in search of a partnership model and the contingent intervention of a sympathetic minister. The cluster consisted

of four projects or organisations—the Partnership for Quality (PFQ) agreements; the Partnership Resource Centre (PRC), which became, after 2008, the High Performance Work Initiative (HPWI); and the Centre for High Performance Work (CHPW).

The first PFQ agreement was signed by the PSA with the Labour-led government in 2000 (MacNeil et al. 2011; Shaw 2005). At the heart of the PFQ was a commitment by the PSA to partnership in support of the delivery of high-quality public services by valued staff enjoying a supportive workplace and fair recognition of skills and talent. Debate within the PSA about its commitment to partnership was, and is, robust, but a sustained commitment to workplace transformation has permeated PSA's thinking for 2 decades or more. The PSA's commitment to partnership has sometimes set it at odds with other trade union affiliates, but its size and reach are such that external criticism carries little obvious weight.

The tripartite PRC was established in the Department of Labour in 2004 (Haworth 2010). The immediate genesis of the PRC was a decision made by the Minister for State Services to establish a centre which would encourage the spread of partnership in New Zealand. His intervention derived from discussions with the PSA, which in turn gave rise to, first, an exploratory study and, second, the creation of the Centre. The PRC was not, however, simply a state sector-based initiative. It was intended to have purchase across both public and private sectors, with the balance of focus eventually resting on the latter. There is an important element of serendipity in the creation of the PRC. A single determined minister was able to carve out a small recurring annual budget of just over \$1 million and vest it in a centre. Moreover, because it was not intended to be a public sector initiative even primarily, it had to be lodged in a different government department (in which it received a mixed welcome). Ministers of Labour were in general unexcited by the PRC. Treasury, in charge of government financials, never supported the idea and recommended, on several occasions, that it be closed down. Despite this, it survived, not only under Labour, but for the first term of the post-2008 National-led governments.

The purpose of the PRC was to create a demonstration effect supportive of partnership in the private sector by adapting international partnership experience to the particularities of New Zealand. Projects would be undertaken that spread the message of partnership, that is, within enterprises in which there was a union voice. The organisational model

adopted was unusual. A tripartite and highly experienced board oversaw applications for funding support. Approximately 12 projects annually were essayed, all fully funded, to the aggregate value of \$1 million. Applications were required to follow a template, which allowed applicants to identify clearly the partnership elements of the proposals. Successful proposals were monitored by the three PRC full-time staff. A novel dimension of PRC activities was its cadre of selected associates. A small group of workplace specialists—between 10 and 15—were selected to be the ‘bearers’ of the partnership message, one or two in each project. Associates were matched to projects in order to maximise impact. Final reports were gathered from completed projects and analysed for lessons and insights (MacNeil et al. 2011). Apart from the projects, the PRC also ran seminars, supported tours by international experts in partnership and engaged in international exchanges of information. Because it was a government initiative, the PRC was subject to regular oversight and reporting requirements at both departmental and ministerial levels.

Assessing the impact of the PRC is a difficult task. The formal review procedures generally showed that it achieved its expected outputs. Even when it was closed in 2011, the reason for closure was not poor performance but PRC’s marginal status in the Department of Labour’s new priorities under the National government. However, many close to the PRC would admit that there is little evidence of a lasting impact on workplace behaviours. A brief 6-year experiment, modestly resourced, was unlikely to turn the tide set by the 1984–1999 period. A balanced epitaph might suggest that the PRC showed the potential that exists in support for partnership, but more resources over a longer period would be needed to have any chance for a lasting effect. Even then, resources and time would find daunting the task of transforming a culture so imbued with unitarist behaviours.

2008–2015: Pragmatic Conservatism

The Labour-led government gave way in 2008 to three successive National-led governments, the latest elected in 2014. This period will not detain us for long, as post-2008 governments to date have rejected partnership as they have rejected tripartism, the principles of the ERA and any sustained government involvement in workplace reform (Haworth 2011).

In terms of legislation, the ERA has been kept in name, but successive amendments have undermined most of the pro-trade union and pro-collective bargaining aspects of the legislation. This evisceration has been undertaken in a sequenced manner in which changes have been presented publicly as adjustments for better effect. Ideological argument has been eschewed in public discussion. Instead, changes have been presented as sensible, practical adjustments to help employers improve performance. Similarly, the foundation of legislated protections surrounding the ERA's bargaining regime has been eroded, again in terms of the practical needs of employers. In such circumstances, tripartite-driven partnership has little place.

Interestingly, the PRC survived the first term of National power (2008–2011). Its survival was a result of political serendipity. It is clear that some senior ministers, including the Minister of Labour, would have been quite comfortable to see the PRC's demise. Yet the senior minister below the Prime Minister, the Minister of Finance, was willing to continue funding for that term. Two arguments are adduced to explain this. First, the sums involved were relatively trivial. Second, the minister saw merit in a project or an intervention about which he may have heard positive things. By the beginning of the second post-2008 National-led government, that support had petered out. Even then, however, the shell of the PRC was seen as useful for a different purpose—the delivery of lean management tools to a consortium of enterprises seeking to improve performance. The board remained tripartite but as an effect of existing practice only. The target workplaces were now primarily non-unionised, and meeting employer needs was the paramount rationale for the organisation. Eventually, under the post-2011 government, the PRC was closed, to be replaced by the HPWI. The HPWI is specifically not concerned with partnership. Its current role is to deliver lean management capacity building to employers, almost wholly in the non-union sector. The HPWI proved to be remarkably popular with employers, such that it has survived to 2015, now housed at an arm's length from the government in Callaghan Innovation (an agency established by the government to support innovation).

The CHPW was another indirect offshoot of the PRC and the partnership initiatives of the mid-2000s. It was formed by two of the private

sector unions with partnership experience—the EPMU and the Dairy Workers Union. The CHPW was set up in 2008 as a result of an initial successful project in the high-performance area. The National Minister of Finance took an interest in the project's results and also attended the Centre's launch, an unusual attachment to the trade union movement in the post-2008 period. The CHPW was an attempt to keep alive a productivity-related initiative in which a strong worker voice played a part. Suffice it to say that in 2015, the Centre is in abeyance and has been inactive for perhaps 3 years.

There was a continuing commitment to productivity issues. In 2010, for example, the government set up a Productivity Commission, modelled on its Australian counterpart. The Commission has taken an orthodox economic position on productivity and has in general eschewed any interest in the workplace, preferring to see it as the traditional 'black box' in which management acts on human resources (Boxall 2012). Instead, it has focused on regulatory and infrastructural issues. Its membership is strictly not tripartite, though it has been willing to discuss matters with the New Zealand Council of Trade Unions and, even, on occasions, include reference to the workplace dimensions of productivity. As seen above, the government is also willing to modestly support activities such as lean management in non-union environments (e.g. Department of Labour 2010). In general, however, tripartism has ended, the workplace is conceived of as the legitimate terrain of management and collective worker voice is more muted now than at any time since 1999.

Conclusion

In establishing the context for partnership in New Zealand, the terrain for partnership is not fertile, with the government showing at best marginal interest in partnership *qua* partnership, employers equally uninvolved, with the exception of some enterprises, and the unions in no way sharing a common view.

The government in New Zealand now moves between coalitions of the Right and the Left. When in power in the 1999–2008 period, Labour showed more interest in partnership, as might be expected. It supported

the PRC and the PFQ in the public sector. Yet that commitment was muted, poorly funded and given little ministerial support. One explanation for this is the impact of the employer reaction against the ERA in 2001, which 'spooked' Labour leaders. Another is the focus on a productivity agenda, which failed to see workplace reform as a necessity. A third is the declining influence of trade unions within the leadership of the Labour Party. In opposition, the Labour Party is in 2015 running a Commission on the Future of Work, which may in time take up more seriously the issues of workplace reform and partnership, but that is for the future.

The dominant party on the Right is National. It is the party of the ECA and draconian benefit cuts of the 1990s, and is the natural focus for employer 'war stories' about the need for less regulation and weaker collective representation in the workplace. In its more recent incarnation, post 2008, it has sought to temper its 1990s message with what is currently described as a compassionate conservatism. This descriptor belies the consistent erosion of employee rights within the enterprise. The essential commitment of National to market-driven solutions for New Zealand's economic and productivity problems cannot be denied. Whilst it is true that the PRC was allowed to exist for the first term of the government post 2008, it has been closed, and its successor is specifically focused on management needs in non-union environments.

Turning to employers, the picture is bleaker still. Some enterprises and senior managers have supported partnership, in some cases since the late 1980s. However, such examples are rare and usually reflect a particular relationship between an established management team and a 'modern' trade union, that is, a management team open to partnership and not subject to the New Zealand tradition of rapid turnover of senior management, and a union or unions grounded in partnership practice and attitudes. Otherwise, the majority of employers and their representative organisations have seized on the ECA's message of managerial prerogative in the enterprise and have limited their partnership practices to unitarist arrangements. The impact of the ECA can hardly be exaggerated. It not only halved union density in the private sector, but also promoted a strong belief in managerial authority, in part supported by a 'cult of management'. The professionalisation of the HR function in a period of declining union influence consolidated that impact.

The public sector is a different matter. The largest union in New Zealand—the PSA—retained its strength across the core public sector despite corporatisation and the application of the ECA to public sector. It also became the location of the most sophisticated discussion of partnership in New Zealand. The PRC's formation was initially driven by the PSA in conjunction with the state sector minister. Reflection suggests that this is a remarkable story of a union leadership able to maintain its support by members for partnership through the 1990s and again post 2008, when, in both eras, governments were antithetical to unions and partnership. In 2015, the PSA continues to press for forms of partnership and related workplace reform, despite an at best lukewarm State Services Commission response. Should partnership ever take off in New Zealand, it will be in no small measure due to the PSA and its leadership.

The trade union movement in general is equally lukewarm about partnership. Post ECA, the private sector union movement has been in flux as an effect of a halved density, reduced collective rights, changing labour market and competitive pressures, and an internal discordancy around strategic direction. Successive CTU leaders have tried to drive a reform process amongst affiliates, whilst also seeking to develop new strategies to involve the non-unionised in union activities. Some affiliates have adopted the reform agenda. Many still have to be convinced. In this flux, long-established doubts about any workplace arrangements which focus on productivity remain powerful. The willingness of the PSA to embrace partnership is shared by a few unions—primarily those with experience of partnership arrangements, the Engineers and the Dairy workers, for example. Others vary between the watchful and the outright derisive. One might reasonably conclude that, whilst the union movement in general strives to come to terms with the continuing impact of the ECA, its openness to partnership will be limited.

The cadre of people knowledgeable about, and willing to work for, partnership is small and ageing. It was politicised around partnership in the 1980s and is now often in its venerable sixties. Younger generations of unionists are often less understanding of its message, whilst managers and, particularly, HR managers are unaccustomed to its tenets. In sum, its grounding in key actors is fragile. Partnership must also compete with a wide range of unitarist management products purveyed to managers.

What to the partnership cadre is both practically and politically desirable is for many managers simply one of a range of managerial products offering performance improvements. As noted above, the resurgence of lean management in New Zealand in the past decade illustrates this crowded market of ideas.

We argue that the turn of history reduced the opportunity for a strong tradition of industrial democracy to arise in New Zealand, and as a result of the hegemony of the awards system, alternative frameworks for ER were either underdeveloped or unexplored when the crisis of the 1980s hit. At that point, history took aim at collective rights in work. The combination of the ECA, the wider economic reform project and the professionalisation of the HR function dealt blows not just to the trade union movement, but also to incipient alternative traditions in ER. Partnership's early emergence in the WPNZ movement was stifled, and its presence in the thinking of subsequent Labour-led governments was at best modest.

Partnership will require markedly changed conditions if it is to prosper in the future. Those conditions will depend fundamentally on a rebirth of collective independent worker voice in the private sector. The conditions for that rebirth are difficult to imagine in the medium term. It is salutary to note that an 18-year-old worker joining the workforce in the year in which the ECA was introduced is today 42, or, put another way, one must be considerably older than 42 to remember the era of awards. In that light, the emergence of partnership as a powerful tradition in New Zealand will be a hard road.

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Part III

Partnership Cases

9

A Partial Partnership? The Contradictions of Cooperation at PowerCo

Jonathan Hoskin, Stewart Johnstone and Peter Ackers

Introduction

This chapter examines partnership in the context of a British utility organisation which is referred to by the pseudonym “PowerCo”. The case study examined partnership over a 13-year period (2000–2013). Liberal market economies such as the UK are often believed to provide an inhospitable institutional environment for meaningful workplace partnership to flourish because of factors including unstable markets, weak trade unions and the absence of

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regulatory or state support (Hall and Soskice 2001). However, PowerCo provided an interesting contrast to these stereotypical characteristics associated with liberal market capitalism: The organisation offered highly skilled and long-term employment in a stable market place, within a high-density trade union environment, and regulatory support¹ for partnership working.

A key challenge of assessing organisational experiments with partnership is definitional ambiguity, combined with a variety of organisational interpretations, which makes it difficult to distinguish between partnership and non-partnership relations. While ideas of joint working and cooperation have a long pedigree in the UK, as historical experiments with partnership and joint consultation demonstrate, we believe that the contemporary notion of workplace partnership does have some distinctive qualities Johnstone (2009). It is perhaps the strong pluralist emphasis upon *mutuality* and *reciprocity* which distinguishes partnership from more unitarist interpretations of workforce cooperation or even joint consultation. While cooperation may remain an aspiration, partnership is not necessarily unitarist; rather, it accepts the legitimacy and inevitability of different viewpoints and believes these need to be regulated. On the other hand, partnership also contrasts with the joint regulation of classic pluralism, where parties focus on defending their own interests. Partnership therefore lies somewhere in between these two positions, accepting the inevitability of conflict but also remaining optimistic about the potential for a problem-solving approach, concerned with accommodating different interests and positions, and by so doing, arrive at “win-win” scenarios.

The chapter is structured as follows. The case study background and context are examined and the respective priorities that management and labour tackle in their workplace interactions are highlighted. These initial steps are vital to more fully understand the pressures that can influence effective partnership working. The various meanings associated with partnership are also considered given their contested nature. We then explore the “partnership drivers” are then explored and how they can sustain this type of relationship. This is important as even in a seemingly favourable environment, it is far from inevitable that partnership will be adopted. The behaviour and attitudes of workplace actors are likely to be crucial

¹The regulator supports cooperative relations but does not lay down regulation stipulating how relations are conducted.

in supporting or hindering the development of the high-trust relationship believed to be a prerequisite for partnership. As with many other cases of partnership working, the partnership agenda was part of a wider programme of organisational change. At PowerCo, partnership working was implemented in part through the use of transactional analysis (TA) techniques, and the effectiveness and impact of this approach is explored. Given that partnership is not a static concept, the evolution of partnership working and the relationship between partnership and other means of conducting employment relations are also scrutinised. The chapter concludes with some of the challenges to partnership working at PowerCo and the lessons which can be drawn.

Case Background and Context

PowerCo is a large employer in the utility sector with operations located on a large single site. It has been in operation for several decades. The organisation conducts a range of scientific, engineering and process operations in a safety-critical and high-security environment. Several distinct *plants* operate within the *site*. Formerly part of a large state-run organisation, PowerCo operates within a quasi-public/private sphere with heavy regulatory oversight; in effect, a private sector company now manages a state-owned enterprise. Since 2008, the state has retained ownership and liability but also became a customer. The operating organisation has been under financial pressure to deliver on contract and also to manage the site safely. The site has always been heavily scrutinised from the outside by a suspicious press, and on the inside by a number of state regulatory bodies with the power to enforce changes in working practices. In contrast to many private sector organisations, PowerCo operates in a context where a long-term emphasis and state support mean employment security is generally high, but equally where a safety failure could affect plant survival.

A number of key structuring conditions can be identified (product market, technology and institutional context) which help us to determine the potential for workplace cooperation (Bélanger and Edwards 2007). PowerCo operated in an environment which contrasts with the UK's dominant variety of short-term liberal market capitalism (Hall and

Soskice 2003). Rather, PowerCo was characterised by long-term contractual stability in its product market, which in turn meant it had been able to offer high levels of job security. It used advanced technological processes through a highly paid, highly skilled workforce and had many of the attributes commonly associated with a “high road” or a “high performance” workplace. Though workplace partnership is entirely voluntary in the UK, at PowerCo, various actors were strongly in favour of cooperative working, including the Health and Safety Executive (HSE), which viewed cooperation as a basis for improved safety performance in general and at this site in particular:

[T]rade union workplace health and safety representatives operating in partnership with management are an important part of realizing health and safety benefits. We recognize their valuable contribution. (HSE 2004, p. 8)

Useful distinctions can also be drawn between the development and control concerns of capital and labour (Edwards et al. 2006). In doing so, it is possible to “analyse patterns of workplace relations” (*ibid.* 2006, p.142). Control concerns refer to day-to-day power relationships, whereas developmental concerns refer to longer-term issues like training and development. At PowerCo, the long-term *developmental* concern of both capital and labour was a shared interest in high-level skill maximisation. However, an area of considerable separation existed in relation to the trade union concern of attracting new business onto the site and into the surrounding area to support job creation and economic development. There had been a widespread trade union suspicion that management merely existed to deliver on contract rather than to attract new business or support the local supply chain. In terms of *control* concerns, the trade unions were strongly defensive of terms and conditions. Any attempt to change terms and conditions resulted in the immediate formalisation of the bargaining process, with the unions using their expert knowledge of the terms and conditions manual to ensure employee interests were protected. Often these negotiations would seem to take place outside of partnership working. Discipline and grievance issues were also managed in a formal way, and such structures, “both collective and individual, were a central plank around which management and unions did business” (Workplace Consultant). This left a “partnership space” around a multitude of management and

organisational change initiatives, in areas which fell under management prerogative. Implementing changes to pay and conditions was thus far more problematic from a management perspective than implementing a change in working processes. This does not mean that every management change initiative was conducted in partnership, however; some changes were simply implemented after only rudimentary consultation or without trade union engagement. This highlights the difficulties that can sometimes arise in drawing distinctions between “partnership” and “non-partnership”, even within an organisation formally espousing a partnership approach to employment relations. Few projects, for example, officially used the partnership label. In this sense, partnership was identifiable more as an aspiration—something that is talked about and also worked towards—rather than a specific set of systematic practices or structures.

The management ethos was described as traditionally formal, hierarchical and bureaucratic, a consequence perhaps of the large scale of operations. It was also described as risk averse and rule driven, reflecting the safety-critical nature of the work. This also helped to explain the (strict) compliance culture, standardised way of doing things and consistent monitoring. Indeed, an often repeated mantra was that “if something gets measured it gets done”. There had been significant organisational change and various new management initiatives since 2000. Not all of these changes had been sustained, and the trade unions sometimes complained of “initiative overload”. The changes in ownership structure and close working relationship between the new management team and its main customer had the effect of leaving the trade unions feeling isolated and, as a result, suspicious of new management initiatives. However, in many ways, the organisation tried very hard to keep the workforce well informed, with a full range of upward and downward types of communication. The site operated its own TV network, produced its own newspaper and regular verbal briefings were given. Management also conducted “brown bag” lunches, where senior managers lunched in the informal atmosphere of the staff canteen and discussed workplace issues and/or simply became more well-known and visible to the workforce. However, these communication activities were relatively uncoordinated within broader trade union relations; there was no evidence an integrated communication and engagement strategy existed during the study period.

Table 9.1 Communication, consultation and partnership mechanisms at PowerCo

Collective	Individual	Safety	External
<p>C&N^a meeting (Manual) <i>(the above meetings were held each month and tended to resolve plant-based issues; convenors and senior managers present—main consultation forum(s))</i></p> <p>Chief executives meeting <i>(small meeting of all trade union lead convenors and Chief Exec, more strategic than C&N)</i></p> <p>Partnership^b forums <i>(plant-specific and sporadic—the site forum stopped during the hiatus period)</i></p> <p>Team briefings (information)</p>	<p>TV, emails, newspaper, newsletters, brown bag lunches, suggestion scheme, employee surveys</p>	<p>Safety reps meeting (plant specific)</p> <p>Site safety meeting (sitewide) (external regulator involvement in both)</p>	<p>Stakeholder group <i>(a group where the local community and other party's held the site to account, held quarterly; chief exec, convenors, regulators all present)</i></p>

^aConsultation and Negotiation

^bTwo separate Partnership Charters have been signed in 2000 and 2008

In terms of employment, the site employed several thousand workers in a range of differing but predominantly highly skilled processes. There were many grades and different types of roles, and the workforce was split between highly skilled craft workers, process workers, technicians, administrators, scientists and a large management hierarchy. A sizeable agency and contract workforce added to the mix. While this diversity means it is difficult to talk of PowerCo as having a single culture, safety and security were core organisational attributes. Relatively high pay and job security, sometimes described in terms of a “job for life mentality”, was in many ways the trade-off for the potential dangers of working in a high-risk environment. As a large employer, PowerCo dominated the local economy and strong linkages existed between the workforce, the trade unions and local community. A dedicated stakeholder engagement directorate existed to foster better relations with the local community, politicians and press. As stated by a human resource (HR) manager:

I think this place drives the economy in the region. It's not going to go bust. You can't just shut it down and walk away from it. So it drives everything and it drives the mentality of the individuals.

This is part of what was sometimes referred to by management as an “entitlement culture”, where highly advantageous terms and conditions ran alongside a highly demarcated and long-serving workforce. This context provided additional leverage for the trade unions as irrespective of their own organisational strength, the management perspective was long term, investment in the site was high and the potential to relocate limited. This is in stark contrast to many private sector organisations, where the threat of relocation often looms large.

Interestingly, whilst pay and conditions and job security were far better than most other jobs in the local economy, this did not automatically translate into positive assessments of PowerCo as a place to work. Indeed, as one of the regulators commented:

It is not a pleasant place to work, it is a difficult place to get in and out of because of the security ... they don't look after people's welfare in terms of infrastructure ... the catering facilities are poor, it is quite a sad place to work,

it is not a warm place to work, you don't get a nice feeling about it and I think a lot of people work there because there isn't anything else in the area.

However, whilst wide variations did exist between facilities, the trade unions were well aware of the poor economic opportunities available elsewhere in the locality. As a result, seeking to improve employment for *local* people through PowerCo was one of their key developmental concerns (Edwards et al. 2006).

Three major trade unions were recognised by PowerCo for the purposes of collective bargaining, and in contrast to many other British workplaces, union density was around 100 %. This included high levels of membership amongst the large supervisory and management hierarchy, who were members of a professional trade union which had developed out of a staff association. The three trade unions generally worked well together, and facility time was generous, though occasionally tensions could arise, especially between the two manual trade unions and the professional trade union. For example, the renegotiation of banding within the pay structure left the trade unions with opposing and unresolved interests. In addition, the default styles of operating were also different, with the manual trade unions adopting a more “confrontational” stance than the professional union. The array of communication consultation and partnership mechanisms at PowerCo is outlined in Table 9.1.

In addition to the employer-led communication mechanisms, two separate Consultation and Negotiation (C&N) meeting structures existed for the manual and professional trade unions, and these tended to focus on shop floor issues. Initially, there was also a sitewide Partnership Forum, though its activity and significance waxed and waned over time. Under a new management hierarchy, another attempt had been made to relaunch partnership working, without great success. All three unions shared a common commitment to promoting the success, survival and future expansion of the organisation, regularly going beyond day-to-day shop floor industrial relations issues and engaging in political lobbying and campaigning on a local and national basis. Overall, management and unions adhered to a *pluralistic* understanding of workplace relations, where

various groups share some long term interest in the success and expansion of the organisation, but there is no straightforward, natural basis for cooperation.

Instead, conflict needs to be institutionalised or channelled through procedures, committees and representative bodies. Moreover, workplace cooperation has to be negotiated and could never be total. (Ackers 2015, p.104)

The Meaning of Partnership

There was a lack of consensus around what partnership meant at PowerCo, both in theory and in practice. Indeed, in 2013, well over a decade after the first charter was signed in 2000, the meanings associated with partnership had not been clarified, and “away days” were still taking place in order to work through differences in meanings and expectations. Several trade unionists highlighted the importance of consultation and suggested that in a partnership process, there should be “no surprises”. This meant an expectation of consultation and prior knowledge and involvement before any change programme was implemented on the shop floor. Others viewed partnership as a loose term for more constructive industrial relations based on greater integrity and accountability, while other union and management respondents spoke of partnership in terms of trying to work together to achieve a “win-win” outcome. Another area of ambiguity was the extent to which partnership meant *decision-making by agreement*. While some union representation believed partnership required involvement in decision-making, for managers this was not necessarily the case. As stated by a senior manager:

[W]e still have to be careful at the decision making stage, we can't involve too much as it unfairly raises expectations. You will listen to their opinions but in the end, not change your decisions. Some people's view of partnership is that you discuss until you agree. But you still have to make decisions and some of them are not up for debate, so if some people's idea of partnership is getting involved at the decision making stage and they find the decision is made anyway, they will ask what the point to partnership actually is.

As a result, partnership at PowerCo was sometimes believed to concern the discussion of ways to implement organisational change within the existing area of management prerogative, rather than discussion around what the change actually should be.

Rationale and Implementation of Partnership

Before the formal introduction of partnership in the late 1990s, relations between unions and management reflected the notion of “arms-length adversarialism”. Though rarely descending into industrial action, a traditional “us and them” mentality existed between the shop floor and management. However, the interest in recasting employment relations had its roots in a large safety scare at the turn of the century, which prompted a concerted effort to change working practices and cultural attitudes. Given the safety-critical environment, the threat to site survival was real, and there was recognition of a need to change. A new Managing Director (MD) and a senior-level management team were appointed to lead this programme of change, concerned with complying with improvements stipulated by the regulator, and it was crucial to ensure employees were on board with the new ways of working. Central to this was the formal introduction of partnership working and an emphasis upon managing change through a consultative process. While partnership was not quite inevitable, this incident occurred at a time when, as one trade union convenor put it, “partnership was the only game in town”. The newly appointed MD was strongly in favour of partnership working, and while the trade unions were less committed in their approach, they agreed to sign up to a Partnership Charter and actively attended the newly set-up sitewide strategic Partnership Forum and more localised plant forums. The organisation also accessed part of the New Labour government’s £5 million partnership fund, set up in 1999 to encourage partnership working through new ways of training, development and employee voice.

The move to partnership at PowerCo was part of a wider “partnership programme”. The “programme” was based upon the adoption of modified behaviour in interpersonal relationships at work via the utilisation of TA and self-awareness techniques. The Partnership Forum was set up partly to implement these new methods. A number of discussion groups also took place to develop understanding of the partnership idea. Briefly, TA comprises a set of techniques, first developed by Berne for use in psychotherapy during the 1950s and 1960s, which help people to

understand when the use of a particular “ego state” is most appropriate (Employee Development Bulletin 1993). The three ego states comprise the parent (either nurturing or critical), the adult (rational) and the child. The child state denotes “the source of spontaneity, creativity and curiosity [the natural and free child] and also the control in the way that we react to authority [the adapted child]” (*ibid.* p. 16). The argument is that the crossed transactions of these ego states may result in poor communications, frustration or disillusionment, and as a result, “TA concerns itself with both functional and structural analyses of ego-states” (McDonnell 1990, p.326).

Several hundred senior management and trade union officers were involved, and virtually all assessments were positive:

They give you an insight into other people’s approaches. They change attitudes and make you think more. (Senior TU Rep.)

The behavioural skills act to open minds. (Senior TU Rep.)

The aim is to get an understanding of where either side is coming from, the Behavioural Skills Workshops is the tool to make that happen. (Senior Manager)

TA’s main effect was to open up understandings of opposing perspectives and heighten the chances of developing the constructive dialogue and appropriate communication required to reach mutually beneficial outcomes. In many ways, the substantial investment in TA training reflected the strong commitment to making a shift towards partnership working.

Evolution of Partnership

Several years after signing up to the Partnership Charter, a 2-day period of industrial action occurred in connection with pay harmonisation and the dispute was ultimately settled through arbitration. The dispute highlighted how negotiations around distributive issues like pay and conditions took place outside the more integrative agenda of the “partnership space”. However, there was management recognition that issues were “left in the room”. Hence, negativity in the meeting room would not

dispel positive communication in the corridor or in subsequent meetings on very different issues. Whereas some issues such as the future of the site proved more problematic, others such as health and safety and security were typically conducted in a mutually supportive fashion, even though the formal language of partnership was not always used in relation to safety processes. This capacity within PowerCo to have positive and negative relations running concurrently, often dependent upon the particular issue, was an important characteristic of the partnership framework.

In some areas, such as health and safety, common ground was more obvious and effective solutions more easily identified. Equally, sometimes, clear common ground did not exist, such as attempts to change custom and practice or issues of workforce flexibility, where the starting position was far more divergent. A challenge, perhaps, was spreading the positive working achieved in some contexts and on some issues across the organisation more generally. Overall, as one senior manager commented, “partnership can work very well on areas of clear common ground and in areas where initially that common ground was less visible” These more general points, especially in relation to health and safety, run through more distinct partnership phases, as outlined below.

Figure 9.1 illustrates the broad nature of the relationship dynamic at PowerCo, and identifies three main phases over the 13-year period.

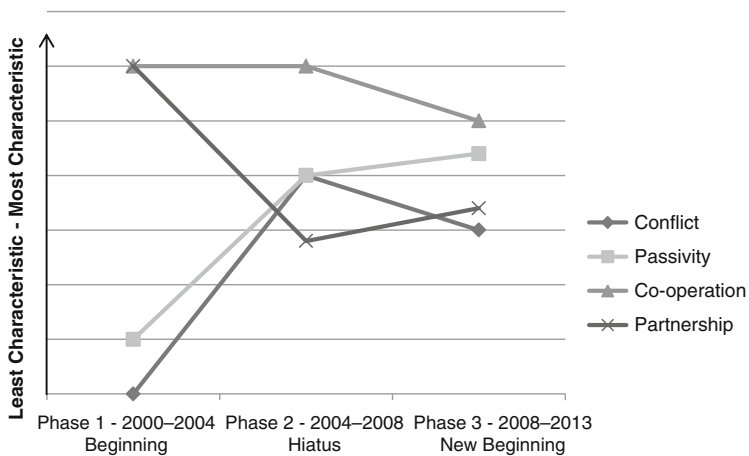


Fig. 9.1 The Relationship Dynamic at PowerCo

Phase 1: Partnership Beginnings (2000–2004)

The initial partnership programme was characterised by strong management backing, dedicated meetings and investment in a Transactional Change programme. However, after the threat of closure had subsided, as well as some important senior management changes, the momentum around partnership working began to fade.

Phase 2: Partnership Hiatus (2004–2008)

A few years after the adoption of the partnership charter, the site moved from being part of a larger public sector organisation to a largely single-site operation. Collective bargaining also moved from the national to the local. Several changes in senior management and director-level appointments were also made. Organisational uncertainty and the prospect of further changes in the senior management team presented a challenge to embedding high-trust partnership relationships.

Phase 3: A New Start for Partnership? (2008–2013)

Several years after the development of the initial Partnership Charter, changes in ownership structure and changes in senior management had put pressure on partnership. A new partnership charter was signed as part of an attempt to re-engage with partnership working, although in practice, this attempt proved highly challenging.

In addition to these overall patterns at the site level, it is noteworthy that particular patterns occurred at plant level (there are several distinct plant operations on the single site). Industrial relations trajectories varied by plant, ranging from conflictual to cooperative. In one plant in particular, partnership seemed to flourish despite the hiatus observed at an organisational level. This relative success at sustaining partnership momentum was partly attributed to continued management support for the approach. As stated by one senior manager:

In Plant X, we sat down with them at the start and said, “Here’s the problem, what should we do?” We allowed them to air all their ideas and then work them out.

Other factors also appeared to be important. The plant was new, so entrenched ways of working had yet to materialise and the environment was perhaps more malleable. There were also several engineering delays which provided ample opportunity for extensive training in team-working and problem-solving. The engineering problems also provided a threat to the business and appeared to motivate partnership working.

Overall then, it can be said that, at best, partnership existed at PowerCo in pockets and bursts but did not have a consistent corporate approach. Partnership arose out of a crisis and saw an initial burst of enthusiasm. However, as the threat subsided, the partnership project began to lose momentum. For one company director, a strong element in explaining why partnership seemed to run aground was the lack of any continuing “burning platform”. Partnership was sustained in some parts of the business, but on a much smaller scale, and supported by a particular constellation of contextual factors, including local threats and strong leadership. This was followed by a renewed attempt to reboot partnership at an organisational level, at the same time as the introduction of another new management team. Despite this overall picture, it was not the case that the organisation shifted neatly from one phase to the next; in reality, relationships were complex, and at times, conflict over one issue ran alongside cooperation on others. Even during a period of industrial action, there was evidence of joint working over health- and safety-related issues, and seeming passivity over others. Such passivity appeared to reflect a weariness of new management initiatives. On the union side, there appeared to be a degree of disdain for a large proportion of middle management, as well as a belief that ultimately performance would improve if the workforce were simply “left alone to do their jobs”, rather than being faced with a constant barrage of “new” processes and “new” ways of working (Convenor).

Partnership in Practice

As alluded to above, working in partnership was only one way of working at PowerCo. There was general agreement that any, and normally rare, changes to the Terms and Conditions (T&C) handbook were

firmly in the domain of a more formalised negotiation process, while partnership was mostly associated with a more consultative process. However, cooperation within formalised negotiation processes was still evident, as was the case with issues of workforce flexibility. For example, any attempt at introducing functional flexibility was constrained by existing terms and conditions, and negotiated as an exception agreement for a limited duration if management could identify a business need. This situation arose where flexibility went beyond what was provided through the provision of “skill sets”. Under a process of arms-length collective bargaining rather than partnership, “skill sets” were negotiated whereby respective disciplines took on a broader role, albeit limited, and were paid to do so. In other words, if a process worker was to have his or her role more fully extended into that undertaken by an instrument technician, for example, it would be for a limited duration and only under agreement with the trade unions. These agreements were relatively common because of formal role demarcations as well as the more informal layers of custom and practice. As stated by a manager in 2012:

Locally we would not be able to just change the way the people work because they benchmark themselves against the site and at site level, the site convenors would have some concerns about that, so we’re not doing radical change.

It is worthwhile highlighting at this point that shop floor support for more interesting and skilled work through role extension was actually curtailed by the trade unions themselves through their strategic desire to increase or maintain locally sourced staffing and membership numbers (aligning with their strategic concerns). It is also worth noting how the behaviour and attitudes of the different unions varied, and that partnership and joint working on matters of organisational change were generally more obvious within the professional union representing managerial staff. Examples of such activity included the development of a trips and falls reduction programme and process involvements designed to reduce delays. As noted earlier, while the two manual trade unions aggressively defended the T&C handbook, they took a more passive stance on many

of the change programmes, neither supporting nor actively disassociating and campaigning against them.

In practice, partnership also became part of a *politicised process*, often involving the use of both internal and external networks. Internally, a game of, “find the supportive colleague” existed when decisions and programmes ran counter to perceived interests. As stated by a project manager, “the networks in the company are so strong that people do stuff based on their networks as opposed to process”. This happened because of the site’s size, complexity, the strong networks built up over many decades and a relatively weak or at least accommodating management culture. This way of operating undermined a more transparent trust-based relationship like partnership and highlighted a failure to institutionalise the process. A more significant factor was the external political environment and how this also played out in industrial relations terms. Despite relative market stability, PowerCo operated within an environment of political sensitivity and occasional scares about the future of the site and resultant job fears. Such issues would quickly attract media scrutiny. There was therefore a need to promote both good public relations and good employment relations, as well as to understand the nature of the links between the two. As one HR respondent noted:

[T]his site is about big political issues, real big political issues, and I don’t think you can understand the industrial relations culture at PowerCo without setting it into that kind of context. (Workplace Consultant)

Management were very reluctant to antagonise or confront the trade unions in that kind of environment; the trade unions were very aware of this and were willing to exploit their strong local and national political linkages. Partnership was never discarded or completely abandoned, even though the results were, at best, sporadic. All parties tended to use partnership as a kind of *normative ethos* and to talk in partnership terms while never, for the majority of time, fully committing to it and, at times, attempting to actually circumvent it in an attempt to achieve their particular aims.

Challenges to Partnership

As the above analysis reveals, partnership was far from straightforward and several challenges were encountered. The first major challenge was in developing and embedding a meaningful process of consultation. As stated by a senior manager:

[T]he way that I believe the vast majority of the people at PowerCo treat engagement is, I've got my view and my idea, I know more or less where I am going anyway, I'm going to tell you the answer, now I've engaged. And some would even say, now I've consulted you. (Senior Manager)

Another manager spoke of the need to have a working process of joint consultation before moving onto partnership. This position was echoed by a convenor, who noted how “what we look for mainly, is not so much partnership, but consultation”. The relationship between partnership and processes of communication, consultation and negotiation appeared to be unclear, leading to challenges in meeting expectations; for example, in deciding the proper circumstances in which management simply communicated a change, attempted to work in partnership or entered into a formal negotiation process.

For unions, the important thing was to be involved in the decision-making process from the start, even if

we can't come to consensus, it's good anyway. If there are unpalatable decisions to be made then it's best to know about them as soon as possible, rather than being kept in the dark. Win-win situations do not always happen but we understand each other's viewpoints far more. (Senior Union Rep.)

A repeated trade union criticism was that management viewed consultation as a means to clarify a position in implementing it, rather than involve the trade unions in changing it or trusting them to be involved far earlier in the process.

The second major challenge concerned effective management and, especially, line management. Many organisational managers in this largely technical and engineering environment had been promoted on

their technical excellence rather than on their people skills. No extensive partnership or consultation training continued after the initial phase; the TA training barely lingered in the minds of a dwindling few. The third challenge was management frustration regarding the merits of partnership as well as the motives of the trade unions, revealing a lack of mutual trust. One Director highlighted a suspicion of the trade unions using the process to support their eventual bargaining position once the consultation process broke down. In addition, the convenors tended to adopt traditional negotiation behaviour within a partnership/consultation setting. For instance, group members followed the stance of a lead member within a meeting rather than all members engaging within a full and open debate.

Conclusion

In conclusion, the piecemeal, ad hoc and fragile application of partnership at PowerCo can be viewed as a failure to work more constructively together. Developing effective consultation processes, sustaining enthusiasm and managing expectations were all key challenges. Partnership, in the various cases where it did appear, did not operate simply because the respective sides thought it was a good idea. Typically, a burst partnership-type activity was the result of strong and decisive leadership in the face of adversity, the so-called burning platform. Such circumstances appear to explain why partnership at PowerCo appeared to be characterised by various pockets of success and sporadic bursts of partnership activity and nothing more. This would suggest that a seemingly favourable organisational environment for the development of cooperative employment relations does not mean partnership will necessarily flourish. Partnership would instead seem to require a particular constellation of other factors to be successful. As noted by Johnstone, “the factors typically associated with more robust partnerships” were all present at PowerCo; they included:

strong trade unions and HR departments, the commitment and competence of all actors (*the most variable factor at PowerCo*), and integration

within a wider suite of supportive HR practices. Others include(d) the need for a high-quality workforce, a high involvement culture, and the ability to take a longer-term perspective. (Johnstone 2015, p.169)

Somewhat counterintuitively, the relative stability, security and insulation from market forces may have actually hampered the sustainability of partnership. Thus, an apparently benign context does not necessarily constitute a driving force for partnership, which raises questions about the predictive value of the Edwards framework. Even if the majority of contextual conditions were in favour of cooperative working, partnership remained an inherently fragile process which took careful and consistent care and development. This was especially so as there was also a multiple array of practical problems, with different meanings and expectations of partnership, politicisation, repeated management changes, change initiatives and poor consultation, all hindering the process.

More optimistically, there was considerable effort to make partnership work. Partnership was not an attempt by management to undermine, bypass or devalue the trade unions. The trade unions entered voluntarily into a partnership relationship as (potentially) the best means to do business. Even so, partnership working at PowerCo, when it did take hold, was relatively fragile and fleeting. However, a sporadic at best partnership process on the majority of issues did not mean an end to cooperation on these terms. It simply denoted a retraction into areas of existing or easily defined mutuality, like safety and security. Cooperation on other issues became a negotiated rather than consultative process or merely stagnated into trade union passivity. Dialogue was always open, but the chances of trade union support for a management change initiative became far less, especially from the two manual trade unions.

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10

Workplace Cooperation at Aughinish Alumina

Tony Dobbins and Tony Dundon

Workplace partnership and mutuality have attracted multiple meanings and benchmarks for success or failure. For the purpose of this chapter, a useful evaluative benchmark for robust and successful labour–management partnerships in practice is embedded in pluralist workplace governance regimes institutionalizing integrative mutuality that mediate, trade off and bargain the tensions between efficiency, equity and voice in employment relationships on a long-term basis. While employers will typically prioritise an efficiency and competitiveness agenda, successful cooperation requires balancing this with equity (decent employment standards and fair treatment) and independent employee voice (employees have a

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meaningful say in decisions affecting them) (see Budd 2004). There need be no assumption of equal gains/power between employers and workers (unions) or industrial democracy in capitalist workplaces, but there needs to be meaningful re-distribution of decision-making power and workers (unions) have to have real independence from management. An implication of this is that partnership mechanisms involving trade unions tend to be more robust and facilitative of pluralist mutuality than non-union employee representative (NER) arrangements, which are often associated with limited institutional power-sharing and independence from management (Cullinane et al. 2014; Dobbins and Dundon 2013).

The rest of this chapter comprises a case study of workplace partnership at Aughinish Alumina (AAL) in the Republic of Ireland. AAL is a case depicting real-life issues related to voluntary partnership between management, unions and employees that has become embedded and constitutes what might be considered a 'best practice' or 'robust' type of partnership case. The main reason why AAL is a robust type of partnership case relates to important institutional and inimitable contextual conditions; notably, the continuous-process plants' relative insulation from external market forces and, internally, management's awareness of and competence in trying to balance its efficiency concerns alongside worker and trade union concerns about equity and voice. For one reason or another, many voluntary partnerships in Ireland have not survived in an unfavourable wider political economy context of neoliberal path dependency (see the Ireland context, Chap. 5). Therefore, AAL constitutes quite a unique and increasingly rare case of enduring workplace cooperation and, in that regard, offers valuable lessons concerning the complexity and unevenness of collaborative partnership regimes.

Background

AAL is an alumina refinery. Alumina is extracted from the raw material bauxite (imported from Africa) using continuous process technology and subsequently exported. AAL is situated in the Shannon estuary in mid-west Ireland and is owned by a Russian multinational corporation (MNC), United Company RUSAL, the world's largest aluminium company. AAL's

main competitors are in Australia, South America, Canada and Jamaica. Cost containment, quality, technological innovation and people development are all deemed important for competitiveness. AAL employs 435 people, compared to 800 in the mid-1980s. Some 70 % of the workforce is unionised. There is a multi-union structure. Instrument and electrical technicians are represented by the Technical, Engineering Electrical Union (TEEU), fitters by the TEEU and Unite, and operators by the Services Industrial Professional and Technical Union (SIPTU).

AAL went through a period of major conflict, and its management had made little attempt to contain costs since production commenced in 1983, which nearly resulted in closure in the early 1990s. Things came to a head in 1992 when AAL senior management developed a 5-year 'Business Plan'. Significantly, a new managing director (MD) was appointed early in 1992. The MD and his new management team felt they had no option but to take coercive remedial action to save the plant. The first major initiative was a redundancy programme in the mid-1990s, cutting the workforce from 580 to 435. The redundancies occurred with little union resistance, because unions were aware that the alternative was plant closure. It was a hard-line management strategy based on the single-minded objective of plant survival.

Partnership and Cooperation at AAL

After administering the coercive shock of redundancy, management implemented other aspects of its 'Business Plan' in the 1990s. A central component was the objective to try and stimulate better and more cooperative relations with workers and unions. Adoption of a cooperative industrial relations climate was attributable to a complementary cluster of conditions. While crisis provided the initial shock, subsequent moves towards cooperation were promoted by local management devising a coherent 'Business Plan' that enabled AAL to win investment from its multinational owner. Additionally, competitive conditions gradually improved—otherwise it would have been difficult for cooperation to take root. Local management radically restructured AAL. As a consequence, the organization became much flatter. Major efficiency improvements were made

to the production process, which helped to improve product continuity and quality, and lower costs. Another factor promoting cooperation was capital-intensive continuous process technology, which was conducive to worker autonomy. To align industrial relations with the new business strategy, management began cultivating collaborative relations with the unions to secure workforce consent to change. Union marginalization was not considered viable because the workforce was 70 % unionised (the industrial workforce is 100 % unionised, but white-collar staff are non-union). Management gradually implemented a full bundle of complementary mutual gains practices: semi-autonomous teamwork, informal management–union cooperation, annualised hours, gainsharing, information and consultation, two-way communications, single-status harmonization of terms and conditions, training and an employment security clause.

In short, management included workers through their representatives in problem-solving dialogue that helped workers believe they had a genuine say in the change and restructuring that was geared towards improving plant competitiveness and job security. Accordingly, AAL had a complementary bundle of cooperative practices. This cluster of complementary conditions meant management and other stakeholders believed the benefits of attempting cooperation outweighed costs. Adversarial industrial relations were no longer seen as viable.

Informal Management–Union Cooperation

Turning to the practical nature of cooperation, union–management cooperation operates on a largely informal basis. There is no permanent formal cooperative forum. Rather, a series of ad hoc informal issue-based partnership teams examine significant business and employment issues. The cooperative arrangements consist of joint consultation over operational and strategic-level issues, which include some joint decision-making. Cooperation operates in parallel with collective bargaining.

The framework for management–union partnership was first set out in a plant-level document in 1993 (p. 33):

We see a partnership role for the trade union in the new AAL. Our objective is to create a climate of trust where this partnership can develop to

ensure that AAL remains competitive. Our common interests allow for a significant trade union role in shaping AAL's future. We believe that the new culture and the change in management style will allow the trade unions to respond with a flexible and supportive approach. The use of the 'Getting to Yes' principles will support and facilitate the new style and culture.

The first major step towards cooperative relations with unions occurred in the run-up to redundancies at the plant, promoted as a 'getting to yes' training programme. The timing appears paradoxical in the sense that management ran a joint training course promoting 'principled negotiation' a few weeks before unilaterally implementing mass redundancies. Management's intention was to create awareness among union representatives of an alternative approach to industrial relations, as well as to shape attitudes and help promote pragmatic acceptance of the necessity of change, and prevent further conflict. A senior manager commented on the timing of the 'getting to yes' programme:

We had a choice of going through this change the old way, which probably would have led to a strike and the shutdown of the plant. Our owners didn't believe 100 per cent at the time that what we were presenting would work. So we had a choice of saying let's go through this change programme the old way, or let's look at another, more constructive, way of doing this. That was management's view at the time.

The 'getting to yes' concept had already been used at a parent plant in the UK, and therefore, because it was quite familiar, it was much easier to gain acceptance from headquarters. The concept of 'getting to yes' was originally developed by Roger Fisher and William Ury (1999) from Harvard University in the USA. It is closely associated with 'mutual gains bargaining' or principled negotiation, which is seen as an alternative to 'hard' positional adversarial bargaining. Fisher and Ury's (1999: 11–12) model of mutual gains bargaining, adopted by AAL senior management and key union representatives, incorporates four basic principles. The first principle involves separating the people from the problem in the sense that 'the participants should come to see themselves as working side by side, attacking the problem, not each other'. The second principle

involves focusing on interests rather than positions, the purpose being to 'overcome the drawback of focusing on people's stated positions when the object of a negotiation is to satisfy their underlying interests'. The third principle is inventing options for mutual gain that 'advance shared interests and creatively reconcile differing interests'. The fourth principle involves an insistence that the results be based on some objective criteria in the sense that 'the agreement must reflect some fair standard independent of the naked will of either side'.

The external consultants who ran the AAL 'getting to yes' training programme incorporated these mutual gains principles into the course. The breakdown of participants was composed of 23 staff and 28 industrial workers from across the plant. Senior management, union officials and shop stewards also took part. The training programme was held off site in a hotel in an attempt to build informal relations between management and workers in a more relaxed and different environment. The purpose of the training was to attempt to equip course participants with the ongoing skills to improve trust in working relationships, reduce conflict and jointly come up with mutual gains solutions to joint problems. Therefore, management was attempting to provide an alternative cooperative platform to adversarial collective bargaining and was hoping that the unions would buy into this alternative. Evidently, union representatives found the mutual gains programme quite useful, with one commenting:

It was certainly helpful. It opened the door to a new way of doing things. It demonstrated that you don't have to follow the adversarial approach. Most of us followed the adversarial approach because as shop stewards we had never seen an alternative and that was the way things were done, so you just fall in. But having been shown an alternative we were certainly ready to try it. The trust was then gradually built.

Management first began to set out a 'cooperative' agenda with the unions in practical terms—based round the bargaining principles of 'getting to yes'—during the first meeting with unions after the redundancies. The shop stewards felt quite positive about the behaviour of senior management during this meeting, although the link between the 'getting to yes' training programme and a new industrial relations

strategy was not immediately evident to them. After years of adversarial bargaining, it was difficult for them to grasp that management was trying to set out a cooperative agenda—based round mutual gains bargaining. Management said to the unions at the meeting: ‘Here is what we want, now what do you want?’ According to one shop steward, this was ‘the first time that management had asked what they wanted’. During the meeting, management set out a number of short- and long-term partnership issues. A joint sick pay scheme and a new grievance procedure were two short-term issues on the partnership agenda (the intention being to get some quick wins to kick-start partnership), while annual hours was one of the longer-term issues. The unions were quite reticent about collaborating on annual hours, however, and told management to go away and develop a proposal on its own. Thus, it took some time for unions to buy into mutual gains bargaining, and management was largely driving the partnership agenda during this time. The concept of mutual gains bargaining was new to both sides, and there was still a degree of mistrust from the adversarial legacy, which took some time to heal.

Over time, however, the AAL unions gradually became more involved in various informal issue-based partnership initiatives. The emphasis on workplace partnership in Ireland’s Partnership 2000 national framework agreement provided an added impetus to cooperation at AAL. Management and unions took stock of what had happened on the partnership after redundancies and assessed how to take the process forward. Building on this, management then established informal issue-based representative partnership teams. These teams can be distinguished from teamwork at the point of production. Rather, they consist of management and union/staff representatives, and meet on an ad hoc basis to solve issues of joint concern. Teams are established on a needs basis and meet at intervals as required and disband when the issue has been dealt with. For example, a plantwide issue would require a team with representatives from all areas of the organization, while a more localised issue would entail a team of specific people. For instance, a Joint Pension Committee was formed to consider how improvements could be made to the pension scheme. Membership comprised the plant manager, two

shop stewards and two staff representatives. The Committee successfully established arrangements to provide options for retirement from age 50, based on employees transferring part of their national wage agreement increases to the pension fund, together with a commensurate company contribution.

The most significant and innovative informal collaborative initiative was the establishment of a Joint Steering Committee known as a 'Business Performance Improvement' (BPI) Team, to examine a number of strategic issues facing the company. The BPI Team has provided unions with an input into high-level strategic decision-making, particularly in relation to the formulation of 5-year business plans. A senior manager remarked:

Every couple of years we do a five-year business strategy plan. Up until the BPI initiative started that would have been done by management. The challenge for us was how do we look at the future in terms of the next five years jointly? It is joint involvement in strategic planning.

The objective of the BPI team is to find ways of increasing company margins through revenue creation and cost reduction. The BPI team has reviewed current business performance against best practice and created ideas to improve performance. It has also reviewed production targets, safety targets, technical issues and improving margins through value-added people development. Membership of the BPI team comprises shop stewards, management, engineers and staff. BPI subgroups also exist. A joint incentives group examined gainsharing, with a remit to devise incentives promoting a stakeholding culture, facilitate productivity increases and allow workers to share gains. A gainsharing scheme was subsequently introduced. A second subgroup is a 'joint key performance indicators group', with a remit to devise acceptable performance indicators. Due to their active role on the BPI, union representatives acknowledged in interviews that they generally have a much more proactive and constructive influence over bigger company issues than during the adversarial years, when they were defensively firefighting and dealing with grievances and pay.

Another initiative aimed at moving partnership forwards was the commencement of facilitation for partnership training for union representatives, management, facilitators and staff. The training was provided by

external training facilitators from Education & Training Services (ETS) (a trade union–sponsored research and training agency). It took place for 2 days off site every month, for a period of 6 months. Significantly, the idea for the initiative came from a union official from the TEEU. The training was partly designed to increase awareness and knowledge of business issues among union and staff representatives. To this end, a senior manager remarked: ‘It is difficult to have partnership if people haven’t got the knowledge to contribute’. Another purpose of the training is to ensure people involved have sufficient knowledge to facilitate and promote partnership.

Interestingly, both management and the unions were generally reticent to describe the moves towards cooperation at AAL as constituting partnership. Moreover, there was a perception that partnership is a vague and unhelpful term. A senior manager stated:

Me and my wife have a lot in common and I think we are partners. A union official and me have a lot in common, but we have some issues that we do not have in common and that makes it probably impossible for me to view partnership with my wife the same as work partnership. A good healthy co-operation may be a fairer phrase The ‘Getting to Yes’ approach would say well you have got your needs, I have my needs, and they are not always the same. It would be carved out, maybe on a board, that maybe 80 per cent of the items are common, but the other 20 are divergent.

A union representative came to a similar conclusion:

I think we could be kicking it up in the air for the next ten years and we still wouldn’t know what partnership is. Management don’t know what partnership is, and unions don’t know what it is. When you think of partnership you think of husband and wife or something like that. If it is a partnership that is the way it should be. But that’s not the case here, and it’s not the case anywhere to be honest. They should be using a different word rather than partnership and define it.

It was apparent that management wanted to avoid what they saw as ‘top-heavy’ formal structured arrangements and preferred the flexibility afforded by the fact that cooperation with union representatives occurred

on a largely informal footing. But, from a union perspective, some concerns were expressed that the absence of formal structures means there is less institutional protection and security for union management cooperation.

Information and Consultation of Employees

As part of the move towards partnership, management has been concerned with improving communication and information and consultation, both indirectly through representatives and directly to employees. There is a perception among shop stewards that workers are receiving a lot more information now than during the adversarial period, and that management is much more open. Communication has been enhanced by the removal of organizational layers, and management has utilised a wide variety of mechanisms to communicate information, such as the union, top-down team briefings and newsletters. Significantly, almost all information across the plant is available to workers, even sensitive financial information—with monthly financial reports issued to the workforce. A shop steward remarked: ‘The company are quite open with their costs and financial statements’. There is also plantwide communication sessions about two to three times a year, where senior management brief the workforce on how the company is performing. A manager commented:

They have full business information now. They get the monthly costs now, the financial position. It is available to all employees. Ten years ago middle managers wouldn't have that information. They have a right to that information because their future and the future of the plant is dependent on it.

Direct Participation Through Advanced Teamwork

To accompany informal indirect cooperation with union representatives, management also enhanced direct worker participation at the point of production by introducing semi-autonomous teamwork, thus giving workers considerable autonomy over work decisions. Management was concerned with devolving responsibility for decision-making to the

lowest possible level to tap into worker knowledge and to harness it to promote continuous adaptability to change. With regard to the nature of teamwork, there was no strict blueprint determining the form that teamwork should take, and teamwork gradually evolved after experimentation. There was an ambitious definition of teamwork included in the 'The Future' document (1993: 5):

By teamwork we mean individuals with a variety of talents, skills and knowledge, working together in groups to achieve agreed outcomes and taking full responsibility and accountability for their actions. Teamwork moves away from dependency on direct supervision to become more self-managed, self-motivated with more control over the planning and organising of work.

Direct supervision was removed and a small number of facilitators play an indirect role as troubleshooters and coaches for teams when necessary—particularly where difficulties arise in some problem teams and facilitators would intervene. The scope of employee involvement in teams ranges from fairly minor issues, including scheduling holidays, to issues like controlling budgets (each team controls their own budget for items like safety supplies, tools, meal vouchers), recruiting new team members (teams play the leading role in deciding who to recruit if there is a vacancy on their team) and acting as first line of team discipline, which would have traditionally been controlled by supervisors. Further, while the nature of work tasks has changed little, teams now have significant control over work, notably scheduling, allocation and pace. Work schedules are drawn up during weekly team meetings between planners, maintenance and operators. The operator then communicates work schedules to other team members, and teams decide how schedules are allocated and at what pace they work. A shop steward said: 'The difference now is we decide how we can best carry out work, we decide the work process'.

A senior manager commented on the advanced nature of teamwork at AAL:

We have a team that takes out large transformers on their own. It's very complicated work with very low levels of facilitation For the night shift and the weekends there is one staff person here and the plant functions.

The plant is 5 kilometres long and 1 kilometre wide, and there are ships coming in. The industrial workforce handles it.

Meanwhile, a shop steward observed:

We didn't really know a whole lot about teamwork. The company made the change and said from now on we are going to work in self-managed teams. We didn't really know what that meant day-to-day. It could have quite easily turned out to be one of those American ideas that's really only an idea in name and doesn't make any real difference. You change the supervisor's name and do exactly what you were doing before. We would have been a bit sceptical. There wasn't a master plan to say we'll develop along these lines, it was largely left to the teams. It has developed and it has worked very well in a lot of ways. Where I work, the supervisor became a facilitator and he immediately moved office completely to a different part of the building. When he moved it gave us much more confidence, that maybe they are serious about it, let's give it a go.

There was a fairly lengthy transition period between the removal of direct supervision and the move towards teamwork. It took a while for teamwork to bed in. There were, and still are, differences amongst teams, with some teams operating better than others. Teamwork continues to evolve.

Annual Hours Scheme

Another important complementary mutual gains initiative was the introduction of an 'annual hours' scheme. Annual hours were strategically introduced to improve the efficiency and productivity of working time and, in particular, to end the highly costly overtime 'culture', which has now been removed. Annual hours at AAL are based on payment of a fixed basic salary incorporating payment for extra hours (reserve hours) that may have to be worked in unpredictable circumstances, emergencies, and extra training and meetings. Employees are contracted to work approximately 200 reserve hours, which has meant that the traditional overtime system has gone. Reserve hours are paid up front, whether they are

worked or not. In practice, the level of reserve hours' usage is quite low, which is of significant benefit to employees. Acceptance of annual hours by the workforce was heavily influenced by the very attractive increases in guaranteed basic pay, which helped compensate for overtime losses. There was also a significant increase in pension entitlement, because pension benefits are linked to much higher levels of basic pay than under the old overtime system. Therefore, workers earnings and pension entitlements are much more stable than under the overtime system. There has also been a significant reduction in working time, with a standard working week of 39 h. A senior manager commented:

The annual hour's system was brought in to be a win-win system. We didn't believe that high levels of overtime were justified. We believed that people were doing it to earn money. We came up with an intermediary position. We paid people for a certain amount of hours and expected that they wouldn't have to work many of those hours to get the work done, and that has transpired. We paid a bit over the odds for it. What we want is to have the plant in good shape. The more tonnes that are produced the better it is for everybody. We don't have an agenda – as long as the job gets done to the right standard, with the right safety.

This was echoed by a shop steward:

They (management) have flipped the coin. Whereas in the past people were paid to be inefficient, they are now paid to be efficient. It is now more beneficial to do what you are supposed to be doing when you are there as efficiently as possible so you can piddle off. The motivation is there.

From Direct to Indirect Management Controls

Crucially, moves towards cooperation and mutuality did not mean management abandoned control. Rather, management moved away from reliance on direct controls, such as coercive unsubtle close supervision, towards more indirect controls, notably performance targets (workers are expected to meet key performance indicators [KPIs], including productivity levels, safety, quality, efficiencies) and technical controls

(an advanced technical control system called the Honeywell TDP 3000, which allows management to pinpoint any plant performance problems using personal computers).

The Balance of Mutual Gains Outcomes

In terms of the balance of mutual gains, management have secured many gains from cooperation, notably greater legitimacy, increased efficiency and productivity, innovative worker behaviour, lower costs, much less conflict (grievances decreased from about 150 per year to only three or four), lost-time accidents (down from 30 to 8–12 per year), labour turnover (down to 1 %) and absenteeism (down to 3–4 %). Productivity has increased substantially. In output per person terms, the workforce was reduced to 435, but a much greater volume of alumina is produced (from 1 million tonnes per year prior to partnership to an average of 1.5 million tonnes thereafter). Workers are working harder, but also smarter and more efficiently. The personnel manager commented:

It is in workers' interests for the plant flow to stay stable. We have done that through de-bottlenecking, technological advances, and through people working smarter and making a contribution in terms of their own intelligence and creativity: through making suggestions and being more proactive. We have broken production records in this plant virtually every year. You don't do that unless people are contributing. There is no doubt about it that people's contribution has moved us forward and kept us competitive.

It can also be observed that unions also gained from cooperation. In particular, as noted earlier, the BPI team provides unions with some strategic input into decision-making, which would have previously been controlled by senior management alone. A shop steward described gains from the BPI:

We are participating in the strategic plan for the next five or 10 years. That's a huge change, the BPI long-term plan. Our brief was to look at profits through people, and it was a joint union–management team.

Some union representatives would like to see cooperation extend further and be given institutional expression through permanent formal structures. Without stronger institutional support, unions are concerned cooperation could atrophy. This concern about insufficiently robust institutionalization of workplace partnership has been observed and noted in many other organizations in Ireland, especially since the government abandoned its commitment to national social partnership post global financial crisis. However, management prefer to retain informal collaboration with unions. Cooperation is a double-edged sword for unions, in terms of less visibility (they spend much less time on the shop floor dealing with adversarial firefighting issues like grievances) and a dilution of plant collective bargaining.

Workers generally responded positively to the cooperative work regime, especially as many of them had bitter memories of the previous adversarial regime. It is significant that workers prefer the new work environment, and no worker wanted to revert to old ways of working. Workers were very satisfied with teamwork, found their jobs more interesting and felt relations with managers had improved. For example, the following comment from an operator illustrates the gains many workers associate with teamwork:

We have a team rep position that rotates once a month. We all do it. We have good freedom. Now if I need any clothing or equipment I don't have to go through the supervisor, I can just go and get it from stores. Likewise, with holidays we just have a board on the wall.

Worker experiences of new industrial relations and human resource management (HRM) practices were also broadly positive. Management is perceived as more willing to share information and consult, and workers are generally content with training, single-status harmonization of terms and conditions, and reward and annualised hours. Experiences of management controls were pragmatic. Workers responded positively to relaxation of direct supervision and less arbitrary disciplinary measures—factors provoking conflict in the past. However, they were aware of indirect performance controls: advanced technical controls and performance targets. Work effort has intensified, and some workers expressed concerns.

But, overall, workers did not object to working ‘harder and smarter’, and many even welcomed it. This was largely because management is perceived to be more competent at organizing production, and workers believed their interests are best served by working smarter (e.g. reducing the need to work their ‘reserve hours’—a stark contrast to the previously endemic overtime culture).

But workers also experienced some negative outcomes. First, some workers felt direct supervision was creeping back. Second, tensions existed in some teams due to timekeeping abuses and certain people not ‘pulling their weight’ and a perception that management had not dealt with this. Also, some workers referred to insufficient promotion opportunities in what is a very flat company structure. Consequently, there are some costs for workers even where workplace cooperation is apparently robust.

Overall though, worker gains far outweighed negativity, which shaped attitudes and behaviour. Cooperation had a positive impact on management–worker relations. The overriding view is that management is competent, generally treats workers equitably and fairly, and the organization of production is more coherent and less disorderly than was previously the case under the adversarial work regime. This was confirmed by an operator:

The management team is now more in tune with the workforce and are more prepared to listen to what they have to say. It is a better style of management than the confrontational approach. Before it was just them against us.

Trust had risen substantially, though this was not the case everywhere. Most workers also reported high job satisfaction, and many are motivated to make an extra contribution beyond that expected. However, small pockets of workers only offer minimal compliance and still harbour reservations about management. With regard to the perceived role of unions, workers generally felt that union influence has decreased, but most said unions were necessary to prevent potential management exploitation. There is still some sense of ‘them and us’, and workers retain some distance from management.

In sum, the balance of gains at AAL might have been tilted in management's favour overall regarding a range of efficiency gains, yet it is evident that workers and unions gained considerably on the dimensions of equity and voice, especially relative to their experiences of the adversarial work regime pre-partnership. The main contextual conditions promoting a relatively favourable distributive balance of mutuality (between efficiency, equity and voice) were senior management and union support—efforts by all parties to add value to achieve higher efficiency and performance, combined with management striving for fairness and genuine voice. Management appeared to be and were seen to be consciously about implementing a new stakeholder model of governance (notably informal but strategic management–union cooperation, information and consultation, semi-autonomous teamwork, annualised hours, gainsharing, single-status harmonization of terms and conditions of employment, and enhanced resourcing of training and development). The organization was radically restructured and redesigned to facilitate this stakeholder arrangement: layers of management and supervisory structures were removed, there were 150 redundancies and semi-autonomous teamwork was introduced.

In sum, workplace partnership at AAL helped cement a high degree of cooperation that was 'vertically aligned' from top to bottom. Unions wanted stronger institutional protections, yet they also recognised the value collaboration brought them and workers at plant level. Managerial control policies were not so pronounced and 'in the face of' workers as

Table 10.1 Balance of mutuality at AAL

Management		Unions	Workers
Gains	Higher productivity, effort, creativity, lower costs, higher quality, innovation, lower conflict, reduced accidents, less absenteeism	Input into operational and some strategic business decision-making; much more information and consultation	Considerable autonomy at point of production; annualised hours, gainsharing, job security, single status; good pay
Losses	Takes a lot of vigilance, effort and resources to sustain partnership	Less power, less visible	Few promotion opportunities, disciplinary issues in some teams

to undermine the balance of mutuality. Changes in control mechanisms were also important in the sense that there had been a move away from coercive control through direct supervision to indirect performance controls (KPIs, advanced technological control, etc.). Table 10.1 summarises the gains and losses accruing to the various stakeholders at AAL and illustrates what is deemed to be a relatively equal balance of mutuality regarding the dimensions of efficiency, equity and voice.

Conclusion: The Endurance of Cooperative Partnership at AAL?

In terms of sustainability, cooperative relations at AAL remain in place despite intense competitive pressures. An inimitable confluence of external and internal conditions has underpinned the durability of cooperation at AAL: relative insulation from market pressures, continuity in top management and union support, quite strong internal institutionalization of cooperation and continuous process technology. First, AAL faces competitive challenges like most companies, but it enjoys relative insulation from market forces, which has enhanced sustainability of cooperation. Second, AAL has not faced a senior management (or union) succession dilemma—most senior supporters of cooperation remain. Competent management choices have been crucial for sustaining cooperation. Third, cooperation is quite strongly institutionalised and vertically coordinated internally with business strategy. This is supported by a complementary bundle of industrial relations and HRM policies and practices. Finally, continuous process technology enhanced the durability of cooperation because it is difficult for production to be broken up and relocated elsewhere, and management are unlikely to relocate such an expensive capital-intensive plant. In short, the conditions supporting cooperation at AAL were strong enough to sustain it over a lengthy time period.

In contrast, many other voluntarist workplace partnerships in Ireland and internationally have collapsed due to exposure to neoliberal market forces and various internal tensions because they did not have the requisite external and firm-level conditions for longer-term sustainabil-

ity. Collaborative mutuality through voluntarist partnership seems most likely to flourish where competitive postures are oriented towards skill, innovation and quality, when advanced technology is present (notably continuous process systems), and when workplace practices underpin value-added participation and pluralist inclusion of employees and unions as legitimate stakeholders. However, even where they do take root, voluntarist workplace partnerships typically do not endure in liberal market economies given neoliberal path dependency, prevalence of business postures emphasizing cost competition and lack of ‘hard’ regulatory beneficial constraints insulating workplace governance from external pressures. Robust and successful workplace cooperation is evident only in very ‘specific’ circumstances, is not generalizable, and cannot typically flourish and endure in what are clearly inhospitable institutional environments. Indeed, even seemingly robust firm-level supports for partnership are no guarantee of survival given hostile macro-level pressures (see Chap. 5 on Ireland’s institutional context). AAL is therefore a rare example of enduring firm-level pluralist workplace cooperation in an inhospitable neoliberal institutional context like Ireland.

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11

The Kaiser Permanente Labour– Management Partnership: 1997–2013

Thomas A. Kochan

Introduction

Labour–management partnerships¹ are hard to sustain over long periods of time. Most encounter and fail to survive some type of crisis such as the turnover of initial champions, a significant change in economic conditions, a change in ownership, the rise of opposition within union or employer ranks, or a breakdown of trust due to some action one or both parties deem inconsistent with partnership principles. In this chapter we present a case study of the Kaiser Permanente (KP) Labour–Management Partnership (LMP), a partnership that has endured as of the time of this writing for 18 years. It has done so even though it

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has experienced many of the crises listed above—what we and others (Cutcher-Gershenfeld et al. 2015) call “pivotal events.” This is all the more remarkable because the KP LMP stands as the largest and most comprehensive and complex labour–management partnership in American labour history, covering over 100,000 employees, 10 different national unions, and 26 local unions in an industry, health care, that has been undergoing substantial change over the life of the partnership. Moreover, the parties turned around an organization that was losing substantial money and at risk of being disbanded into two separate entities and in which labour–management conflict was escalating toward a crisis point to one that has generated consistent positive financial results, improved the quality of health care delivered, improved employee satisfaction, and become a leader in introducing electronic medical record technologies. As such, it is both the most resilient and perhaps, to date, the most successful labour–management partnership in American history. What follows is a case study of the partnership from its inception in 1997 through 2013, the point our formal tracking of the partnership ended.

This case study represents a continuation of the research (Kochan et al. 2009) my colleagues and I carried out on the Partnership since 2001. We first draw on this previous study to provide a brief summary of the partnership’s first decade and then move on to discuss developments from 2009 to 2013.

The KP LMP: 1997–2008

The KP LMP was born out of crisis. After a half century of positive labour–management relations, all could see that things were not only deteriorating throughout the 1990s but that they were about to spiral into an escalating war. The decision to try another path proved to be historic. The partnership’s most significant initial achievements were to replace the escalating conflicts with a decade of labour peace during which the parties put in place new labour–management processes and relationships needed to meet the organizational and health care delivery challenges of the day. By the end of the first decade, the shift to a workplace-focused

strategy of continuous improvements through unit-based teams (UBTs) and extensive implementation of advanced electronic records technologies (HealthConnect in KP terminology) made the partnership an integral part of the KP health care delivery system.

Contributions

The fact that the partnership survived for over a decade is an important accomplishment in and of itself. While most labour–management partnerships tend to have limited half-lives, KP LMP demonstrated an ability to work through the various pivotal events that come along and threaten to derail, if not destroy, partnerships. These pivotal events included negotiation of a comprehensive employment and income security agreement to deal with organizational restructuring and technological changes; negotiation of a plan that both saved and improved the performance of the Northern California Optical Laboratory; successful negotiation of two national bargaining agreements (and one wage reopener) after significant concern that national agreements meant threats of national strikes; continuity of the partnership through transition to both a new Chief Executive Officer (CEO) and a new Executive Director of the union coalition; response to budget crises in Southern California and several other regions; and, with help from AFL-CIO leaders, resolution or at least a truce of a bitter inter-union dispute over organizing and raiding of bargaining units involving coalition unions and the California Nurses Association (CNA). Any one of these events held the potential for derailing the partnership. But in each case, the parties were able to draw on the relationships developed from working together and used their collective skills in negotiations, problem-solving, and conflict resolution to work through the crisis.

The extensive and creative use of interest-based bargaining (IBB) in the negotiations of two national-level agreements served as historic achievements in US labour relations. To date, these are the largest (in terms of number of workers, geographic scope of operations, and number of unions covered) and the most extensive (in terms of range of issues addressed) applications of IBB in US labour relations. And though the

national bargaining processes required huge financial, human, and organizational resources and support, they concentrated negotiations into a single time frame, rather than requiring KP and its Coalition unions to engage in multiple negotiation processes, with a much higher likelihood of work stoppages.

Seventy percent of the union coalition members surveyed in 2007 preferred the partnership over a more arms-length labour–management relationship. Moreover, although at that time only about 40 % of frontline workers and union members participated directly in partnership activities, those who were doing so reported higher levels of satisfaction with their job, union, and influence in decision-making than those who were not participating in partnership initiatives.

Although at the time of the completion of our initial study, KP lacked the comprehensive, systemwide data needed to track the effects of the partnership on patient outcomes on a broad scale, the one such study we were able to carry out in the Northwest region's clinics showed that employee participation in partnership activities was associated with significant improvements in patient outcomes, such as adult and child immunization rates and breast cancer screenings.

More generally, KP benefited because the partnership taught both employees and managers important new skills in problem-solving, meeting management, conflict resolution, and business understanding, all valuable resources in meeting challenges KP would face in the future. These skills represented a considerable achievement from the employees' point of view as well. The expanded training and development and opportunities for direct participation on a wide array of issues upgraded employees' skills and abilities. Some employees took advantage of these opportunities to develop the knowledge and skills needed to become facilitators or issue specialists, such as coordinators for workplace safety and HealthConnect; some took on new leadership and representative roles within their unions or the coalition; some benefited from new job opportunities inside and outside of KP. The capacity of employees to influence decisions increased, both at an individual level and collectively, through their unions. Union leaders, at all levels, also learned new skills and gained access to the information needed to contribute effectively to decisions that heretofore were out of their reach such as the design

and planning of new facilities or marketing strategies for meeting new or existing customer needs.

Employees benefited in additional ways. Wages rose at least in tandem with, and in the case of workers in lower-paid jobs, more than, wages of other health care workers across the country. KP workers also avoided the declining coverage and increasing costs of health care and the elimination of defined benefit pensions or retiree health care benefits experienced by many other American workers over the last decade.

The introduction of electronic medical records technologies, which many health care leaders, including those at KP, believe have a high potential to improve the quality of health care in the USA, was actively supported by the partnership. The collectively bargained agreement outlining how workforce issues would be handled in the transition and in the implementation of the new technology is a national benchmark for others to emulate. It paved the way for acceptance of the new systems and provided guidelines for involving workers and union leaders at the local level in fitting the new technologies to their specific circumstances.

The evolving partnership at KP did not eliminate all conflicts or create some idyllic world of pure cooperation. Differences in interests are a natural and ongoing part of all employment relationships, union or non-union, adversarial or partnership. To expect that workers will always go along with management directives or initiatives or that all managers will always go along with what workers or their unions want is neither realistic nor good for the long-term interests of any of the stakeholders to an organization or an employment relationship. The question is whether partnership provides a better way of addressing problems and conflicts that exist and arise than the alternatives. On this dimension, KP LMP proved its value in the first decade of its existence.

Finally, and of particular importance to a labour movement facing continued union decline and continuous conflicts in union organizing drives, KP's unions expanded and organised approximately 20,000 new members. Some of this growth came from expansion of employment in existing bargaining units and some came by activating the negotiated rules governing organizing of new employee groups. In doing so, KP and the coalition unions were able to avoid the diversion of scarce health care dollars from patient care to battles that enrich lawyers and consultants.

Limitations

Building and maintaining the partnership is a costly endeavor. The work of the partnership is supported by a labour–management trust fund established under the collective bargaining agreement and funded by employee and employer contributions. In 2005, the annual budget was \$16 million (this increased to \$28 million in 2012). This amount does not reflect the full costs of time and energy of executives, physician leaders, union leaders and staff, and frontline managers and union representatives devoted to making the partnership work. At the same time, these partnership costs need to be compared with the potential costs of possible alternative relationships, especially the costs and risks associated with more adversarial union–management relations, the costs of union avoidance efforts in non-union settings, and the opportunity costs of not having the collective capabilities the partnership has developed. Although the direct costs and investment of time and energy needed to manage the partnership are measurable and/or visible to those involved, the avoided costs are much harder to quantify.

Partnership leaders made only limited progress in realizing their vision of evolving from a labour relations program to a full-fledged new model for delivering health care. Though the 2005 contract codified this as a major objective, as of 2008, leaders were still in the early stages of implementing it, focusing on the creation and diffusion of UBTs.

A major inter-union challenge to the future of the partnership was just beginning to unfold as our initial project ended. The Service Employees International Union (SEIU) put the California local union that represented KP employees in trusteeship after a lengthy battle between SEIU national union president Andrew Stern and California local union president Sal Rosselli. This led Sal Rosselli and a number of his local union leader colleagues to resign from SEIU and to form a new union, the National Union of Healthcare Workers (NUHW). NUHW then began an organizing campaign to decertify SEIU as the representative of KP employees and to their choosing NUHW as their representative. That inter-union conflict continues to today and its dynamics will be discussed below.

In summary, we judged the first decade of the KP LMP's existence a success but still a work in progress. It turned around dangerously in deteriorating labour–management relations; deepened the organizational capacity of KP to meet challenges and crises as they arose; demonstrated that workers, unions, managers, and physicians could work together in delivering high-quality health care; and yielded significant benefits for management, employees, and unions. This positioned the partnership in stark and favourable contrast to the restructuring underway in other industries, such as airlines, where restructuring exacted a toll on wages, hours, and employment security of the workforce.

2009–2013

How has the Partnership fared since 2009? The good, maybe even remarkable, news is that it survived an escalating inter-union battle for members between the SEIU and the NUHW and continued opposition to the Partnership by the CNA in Northern California. The parties also continued to use interest-based negotiations processes in contract negotiations in 2010 and 2012. Perhaps the most notable achievement in recent years has been the adoption and spread of frontline work teams, what the parties call “unit-based teams” (UBTs). Yet significant challenges and opportunities lie ahead, particularly, as the parties search for ways to adapt to a changing health care policy environment, manage leadership transitions, and address inter-union differences related to the partnership.

Growth and Effects of UBTs

UBTs have the most potential of any aspect of the organization in making breakthroughs on performance. So we'll keep working on this (statement of a high level KP executive).

The 2005 negotiations culminated in a joint commitment to focus on expanding UBTs, that is, cross-function teams of frontline employees (nurses, service employees, technicians, physicians, and managers) to

focus on KP's core objectives of quality, service, cost control, and being a great place to work. These objectives were subsequently embodied in what the parties call their Value Compass.

Implementation of the UBTs started slowly as the parties worked on the infrastructure that would be needed to support them—training programs, structural guidelines, tracking and measurement systems, etc., and leadership transitions were in process on both the union and the management side of the partnership. Momentum then picked up when new partnership leaders made this a high priority. UBTs evolved to become the centrepiece of partnership efforts to improve health care delivery and performance. In particular, the parties, led by union Coalition leaders, created an initiative called “Case for Change” that laid out the goals for engaging frontline workers in driving improvements in health care delivery and performance. Several management leaders acknowledged leadership of the Coalition in proposing the Case for Change:

Coalition leaders have done an important thing and I give them significant credit for drawing focus to UBTs as the significant tool by which we work together. The progress we've made there is encouraging, not because it has saved billions in health care cost but has the potential to be a replicable model of worker engagement for solving care and worker problems at the front line. Perhaps we could have done this without unions but for 50 years we didn't. The union leadership brought sharper focus to this as a way of doing work.

Quantitative Data on UBTs and Performance Measures

Annual goals were set in 2005 to increase the numbers of teams, culminating in a goal of 100 % coverage by 2010. This goal was met, and once it was achieved, attention shifted to increasing the effectiveness of UBTs, with targeted percentages at the “high performance” level increasing each year. By January 2012, 3458 teams were operating, covering nearly all the units in which Coalition members work, although only some members were actively engaged as participants. One third of these UBTs were judged to be in the “high performance” category (i.e., rated either a 4 or a 5 on a five-point assessment scale; by December 2012, 40% of teams had reached the “high performance” level).

Analysis of the teams carried out by KP’s Organizational Research staff found that compared with teams rated as a 1 or 2, those rated 4 or 5 achieved higher employee satisfaction ratings on KP’s survey of employee attitudes, which they call the People Pulse survey. In turn, higher scores on the People Pulse survey were shown to be related with higher levels of a variety of quality of care and patient satisfaction measures, including the national hospital quality survey (H-CAHPS), and lower rates of infection and worker injury (see Figs. 11.1, 11.2 and 11.3).

Managers and employees also recognise the value of high-performing UBTs. People Pulse data shown in Fig. 11.4 indicate that the percentage of managers who agree that the “LMP has helped improve organizational performance” rises from 59% for managers leading UBTs currently functioning at the lowest level of performance to 73% for managers leading teams rated at the highest level of performance. For employees (see Fig. 11.5) in these teams, the comparable numbers are

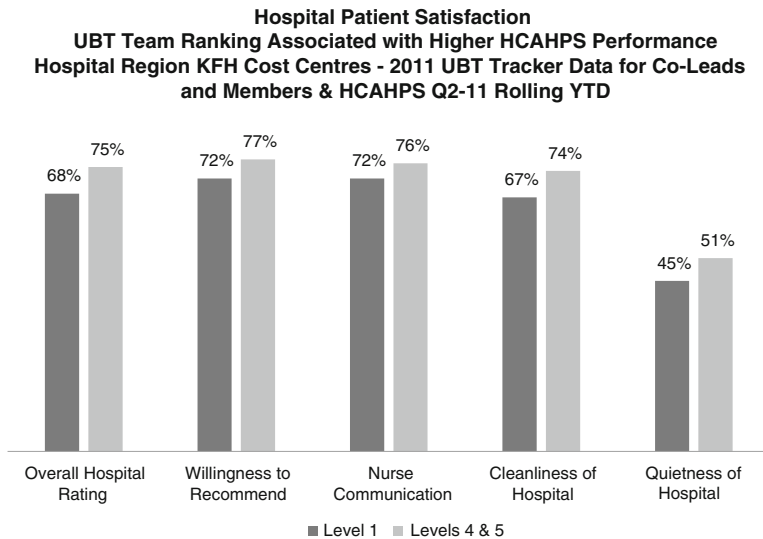


Fig. 11.1 Hospital patient satisfaction. This chart compares the performance of Level 1 and Levels 4 and 5 (“high performing” teams) on multiple H-CAHPS (hospital patient satisfaction) measures. The differences are statistically significant

Central Line Bloodstream Infections per 1,000 Line Days
All 34 Kaiser Foundation Hospitals - CLBSI per 1,000 Line Days
on a Rolling 12 month period ending Q2 2010

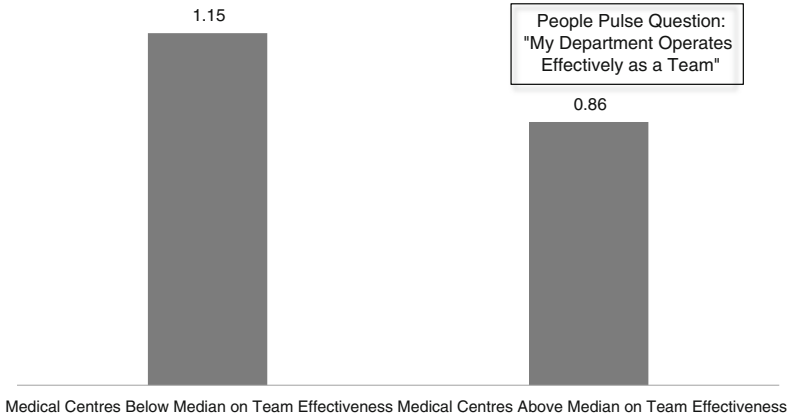


Fig. 11.2 Central line bloodstream infections per1000 line. This chart compares the performance medical centres below and above the median on a People Pulse question related to team effectiveness (“My department functions effectively as a team.”)

UBT Ranking Associated with Lower Injury Rates

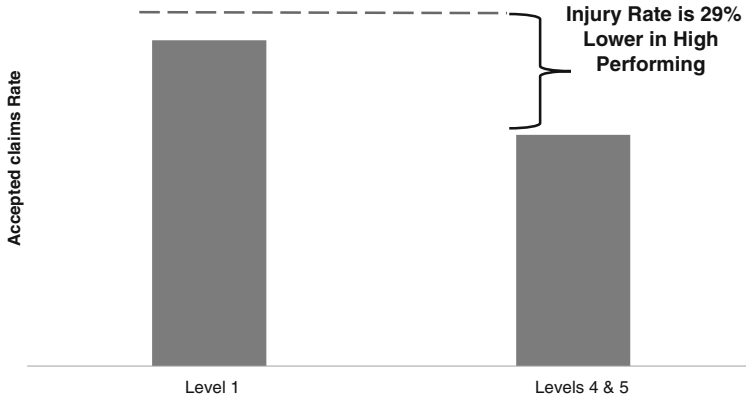


Fig. 11.3 UBT ranking associated with lower injury rates. This chart compares the performance of Level 1 and Levels 4 and 5 (“high performing” teams) on a key measure of workplace safety. The differences are statistically significant

Managers are More Positive About Partnership as UBTs Develop
People Pulse Item #53: "The LMP has helped improve organizational performance."
 % Favourable: Managers who are Co-Leads/Members of UBTs

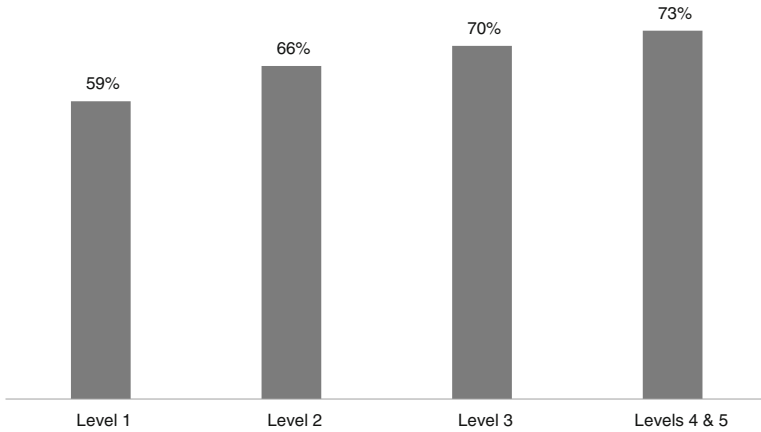


Fig. 11.4 Managers respond to UBT development

Employees are More Positive About Partnership as UBTs Develop
People Pulse Item #52: "The LMP has helped improve working conditions."
 % Favourable: Employees Who Are Members of UBTs

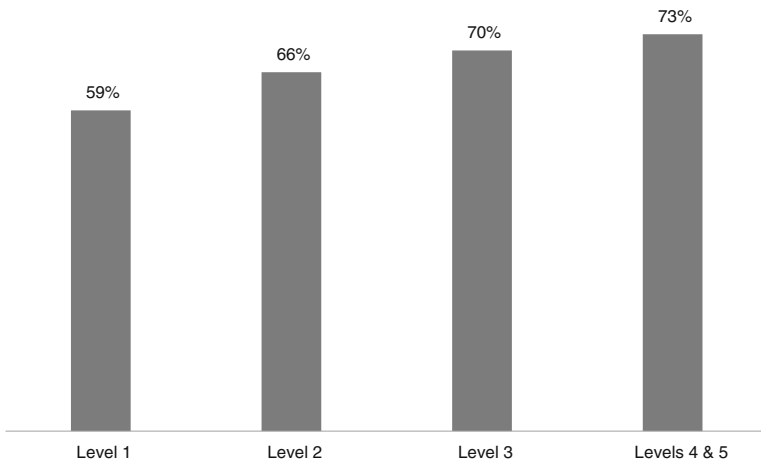


Fig. 11.5 Employees respond to UBT development

55% in the lowest-rated teams and 63% in the highest-rated teams. As shown in Table 11.1, employees participating in UBTs also rate the LMP as more effective in improving both their work environment and the performance of their work units compared with employees who

Table 11.1 Significant differences exist between those who say they are part of a UBT versus those who say they are not

People pulse item	LMP union members who report they are part of a UBT % Favourable	LMP union members who report they are <i>not</i> part of a UBT % Favourable	Difference ^a % Points
51. Involved in LMP activities	69	33	36
52. LMP has helped to improve working conditions	68	54	14
53. LMP has helped to improve organization performance	69	55	14
49. Can influence decisions affecting work	49	40	9
48. Know about department goals	81	73	8
50. Know about KP mission/vision	78	71	7
41. Supervisor recognises me when I do a good job	73	67	6
33. Encouraged to suggest better ways to do work in department	78	73	5
26. Comfortable voicing opinions, even if different	72	67	5
27. Department seeks improvements to reduce costs	81	77	4
30. Encouraged to speak up about errors and mistakes	77	73	4
39. Supervisor informs me about decisions and changes ^b	76	72	4

^aItems with the largest differences

^bIn 2011, the item was reworded to enhance clarity

report not participating in a UBT. Thus, the strategy of focusing on UBTs appears to be generating significant payoffs for both the workforce and KP.

Another quantitative study (Litwin and Eaton 2012) found that primary care clinics that had high levels of participation in UBTs and in which employees actually perceived having high levels of influence in decision-making achieved higher levels of performance (measured as patient wait time) than units that had only one (i.e., either high participation in UBTs or high perceived influence). These results suggest that UBTs can be an enabling mechanism for effective employee input, but to achieve significant results, team leaders have to make sure individual employees feel their voices are being heard. These studies are among the first to demonstrate a direct link between the partnership and KP's health care performance.

Qualitative Studies of UBTs

As the studies summarised above suggest, there remains a great deal of variability in team effectiveness. Teams in Northern California are hampered by the fact that the nurses in that region are not part of the Coalition and their leaders discourage them from participating in these teams. Although the actual participation by nurses varies, this variation complicates the work of teams in that region and makes managing them more challenging than in settings where the nurses are encouraged by their union to participate.

A qualitative study (Eaton et al. 2011) of over a dozen high-performing UBTs drawn from different regions and working in different types of departments, including, but not exclusively, patient care, identified several factors that appeared to be associated with team effectiveness. These include: (1) joint leadership and sponsorship by management and labour representatives; (2) clear “line of sight” from the team's work to important organizational goals; (3) measurement of the team's contribution to those goals and team review of those measures; (4) use of both interest-based problem-solving and a Rapid Improvement Model to drive change; (5) training, facilitation, and metrics support; and (6) flexibility in structure, methods, and scheduling. Likewise a follow-up study of the

role of UBT “sponsors” (individuals assigned the task of coaching and supporting UBTs in their facility or region) found wide variation in how this role is carried out (Townsend et al. 2012).

Qualitative and quantitative data from team leaders and members also indicate strong support for UBTs. Two team leaders summarised satisfaction they and their coworkers and patients get from teamwork and from the support of their unions for UBTs:

I want to go to work and be happy. You have to have harmony in your work area. If you don't have that you have nothing. When we work together we feel good about each other (co-workers and managers), then our patients see it and feel good about their treatment as well.

The union has done a lot in our department in getting good medical coverage and good wages. The work we do in our teams reflects what we want our union to do—we want it to support our teams and our efforts to serve our patients.

Data collected as part of the LMP's “UBT Tracker” show teams are focused on projects aimed at improving patient care. Thirty percent of the projects are focused on service quality, another 20 % are focused on affordability, 10 % are addressing attendance issues, 9 % are addressing disease prevention or management, and 7 % are addressing workplace safety.

The steady growth in the number and improved effectiveness of UBTs may stand as the partnership's most significant achievement in recent years, especially given the growing body of evidence that well-coordinated teams can have significant effects on the quality of health care and that their use is growing in many health care organizations (Hoffer Gittel 2009; Edmonson 2012).

2010 and 2012 Contract Negotiations

In 2010, KP and the Coalition negotiated a new 2-year contract, and in 2012, they negotiated a new 3-year agreement. As in prior rounds of bargaining, both sets of negotiations were preceded by extensive

information exchange and sharing regarding KP's financial performance and projections, and by engaging large numbers of local union delegates in pre-bargaining conversations. Interest-based negotiations techniques were used in both years. The pool of union representatives involved in the negotiations process, already large by most standards, was also expanded in 2012. The unions created an observer status and expanded the central bargaining table (what the parties call the Common Issues Committee) to increase opportunities for rank-and-file involvement.

One union leader who has been in bargaining over the full course of the partnership provided a perspective on the progress made in using this approach:

In 2005, in advance of bargaining the first renewal of the National Agreement the parties first had discussions about whether or not we should renew our commitment to Partnership and continue on the path we started down in 2000. We went through some tense, serious, and honest conversations and agreed to continue on in Partnership. We then went on to bargain a successful renewal.

In 2012, the parties simply came together and began the frank and open discussions that resulted in the next National Agreement. The difference was that the value of our Partnership was clear and unquestioned in 2012. The trust was there and the parties fully understood the value that had. This could not have happened in 2005.

Both agreements received very high levels of approval by union members. The 2010 agreement was ratified by a 95 % vote; the 2012 contract received an 85 % ratification vote.

Retiree Benefits

A major debate within management (and with union leaders) occurred in 2010 negotiations over whether to address KP's growing concerns over future pension and retiree health care liabilities. Eventually, the parties decided to put those issues aside with a commitment to address them in 2012 negotiations.

The parties focused directly on the retiree health care issue in 2012 negotiations. A benefits' subcommittee was charged with exploring options and seeking consensus on possible changes in retiree health care. Management was clear about its interests: Get control over future cost projections by reducing its open-ended responsibilities and thereby lowering the amount it needed to set aside to cover future liabilities. The Coalition was equally clear about its key interests: No cuts in benefits. The benefits' subcommittee used these two interests to explore options and ended with an agreement that achieved both. The agreement reached via the subcommittee and accepted by the Common Interest Committee essentially capped KP's future liabilities for retiree health care costs by agreeing that employees would absorb cost increases if the overall rate of health care costs rises above a threshold amount. This cap is scheduled to take effect in 2017, although the cap and all other aspects of the retiree health care program and funding are open for further review and potential change in 2015 contract negotiations.

Having a cap in place gives KP's actuaries the ability to predict its future costs with greater certainty and less money needs to be set aside each year to cover these future costs. Most of the parties that participated directly in the negotiations over this complex set of issues described it as a good example of the use of IBB.

Some within management describe the results as "outstanding" and some describe them as "a very important first step" in efforts to curb what had been viewed as unsustainable future increases:

How did it all come out? Fantastic. Our objective was to reduce our liabilities; theirs was to not change any benefits and we achieved both. We made no change in the current contract but we got changes in our accounting credits/liabilities we needed to reduce our expenses.

The 2012 collective bargaining agreement was a big achievement. We began to address post retirement liabilities—emphasis on the "began." It is never easy to discuss this but labour showed a willingness to come to the table on this with an open frame of mind and a commitment to dig in and see what might be possible. That was a real achievement. We have more to do down the road.

Total Health

Another key feature of the 2012 negotiations and agreement was the emphasis given to promoting a healthy workforce. This too was a keen interest of management. The Coalition shared this interest but was equally keen on not designing a program that included incentives or penalties applying to individual members (e.g., bonuses to individuals who stop smoking or lose weight). The result, labeled “Total Health,” is a range of joint education and other programs to promote workforce awareness and wellness along with incentives that will trigger bonuses if certain targets are met collectively. To my knowledge, this represents the most elaborate set of contract and/or joint union–management provisions on this subject in the country. Further, it is likely to get organizational attention and support in that it is tied into a KP business strategy of improving the health of their insurance customers’ workers. Total Health within KP is intended to provide a model for those customers. One of the union leaders put it this way:

America, California, everywhere, we are struggling to control epidemic increases in chronic diseases that drive 80–85 % of health care—obesity, diabetes, etc. KP members are not any healthier than the general population so we have to come to terms as model deliverers and model consumers of health care. So in last round of bargaining we agreed to “total health” conditions and what is neat about it is we will create a system where if a workforce as the whole improves, the full group will share in a bonus. KP’s business strategy is total care—that’s the whole integrated model and we now engage our workforce in this and led by unionised workers.... Workers get it.

A management representative liked the way that the union leader put this issue in negotiations:

[One Union leader] in particular expressed the issue about a healthy workforce in a very relevant way ... If more people are diabetic and obese and we don’t do anything about it every dollar will get sucked into paying for this and nothing left for putting it into the paycheck.

I would never have framed it that way as a public health professional and so I of course am thrilled There is an opportunity to tackle this and [he] is right.

At the same time, this new approach, like many other initiatives first introduced by the Partnership, carries some risks and critiques. Some union delegates reacted negatively to this aspect of the new contract, feeling the program will represent an intrusion into their private lives. The NUHW in particular expressed this view in its critique of the program, as expressed in a flyer that said:

SEIU wants us to “peer pressure” our co-workers into making the personal lifestyle choices that management wants us to make so that KP can pay out less money for our health coverage. What kind of union tries to make its members police their co-workers to help management increase their profits?

Our personal lifestyles are none of SEIU’s business. We’re adults, and we shouldn’t be punished for making our own decisions about our lives.—Source: <http://nuhw.squarespace.com/storage/doc/leaflets/Peer%20Pressure.pdf>

Inter-Union Conflicts

In January 2009, the SEIU placed the California local union with 50,000 KP members in trusteeship for alleged mismanagement of union funds. In response to the trusteeship and being removed from their leadership positions, Rosselli and a number of his fellow officers resigned from SEIU, started building NUHW, and began efforts to convince KP workers to switch to this new union. Union petitions for elections to represent these workers were filed, and although NUHW failed to win an election with the large statewide unit, it did win representation rights in three smaller units.

The NUHW also challenged the legality of the statewide election outcome by arguing that KP management indicated the pay raises and performance-sharing bonuses negotiated by the Coalition unions would not apply to employees who voted to be represented by NUHW and that the SEIU used these statements in its election campaign for the statewide

unit. The National Labour Relations Board (NLRB) ruled that these actions constituted an unfair labour practice, set aside the results of the statewide election, and ordered that a new election be held. The second election was held in April 2013. SEIU again prevailed over NUHW by a 58:42 % margin.

Some rank-and-file employees are also critical of the partnership. One who had been active in national negotiations for several contracts, including 2012, was particularly disillusioned with current representation:

Everything was already done—a back door deal. Every time one of the rank and file wanted to do things there would be big push back. As long as we would go along with their program they were fine with that but otherwise we got lots of pushback.

In 2010 bargaining one of the big things we heard about was the threat of NUHW—“we better do this or NUHW will come and take the members from the union.”

In 2012 I was an alternate. I did not have a voting seat; I sat on one of the subcommittees. It was the same thing. Those who ran the union had the say so more than us. If we tried to speak up we got told not to say anything to the members So the last couple days they excused us out of the room and we really don't know what we really gave up.

Partnership? I dismiss it and don't want to be in it. If partnership means partnership and that would be a good idea. But KP only wants to have a partnership when it works for them. I don't think we should be used only to make them look good.

The results of the two union elections and the employee survey data collected between 2009 and 2011 (discussed more fully below) indicate that the views expressed by this union member and the critiques of the partnership expressed by NUHW leaders are not shared by the majority of bargaining unit employees. Both the survey data and the election results suggest that approximately 40 % give the partnership a “neutral” or “unfavourable” rating or prefer an alternative representative. Thus, while not reflective of the majority, a significant degree of skepticism and some active opposition to the partnership continue within the workforce and from non-partnership union leaders.

Managers' Reactions to the Inter-Union Conflicts

The ongoing inter-union differences and conflicts have been frustrating to KP managers and union leaders, who want to continue moving the partnership forward. Several typical comments from management interviews are listed as follows:

What do I think about the inter-union issues? We have to be neutral and yet we are caught in the middle. On a daily basis we are criticised by both. We are tired of being in the middle.

The fact that we haven't accomplished getting all of the unions into the coalition means we haven't created as much full partnership as if we had been able to bring them all in. This really puts us in the middle of or exposed to potential or actual inter-union competition and behaviour. It is unfortunate that despite all the work everyone put into it we haven't gotten all our unions aligned because there is this civil war.

The conflicts between the unions impact operations significantly. NUHW is very difficult to deal with. We have been negotiating for two or three years and still getting nowhere. It is disruptive in the workplace to have skirmishes between the two and it limits the ability of partner unions to be collaborative.

Employee Views of Their Work Environment and the Partnership

How have employees reacted to all the events of the past several years—expanded use of teams, ongoing inter-union rivalries, contract renewals, etc.? Contract ratifications and union election results provide two indicators of the views of those directly involved in specific bargaining units. Employee surveys provide another.

For the past decade, KP's Organizational Research Unit has conducted a periodic "People Pulse" survey of all employees and managers that include a standard set of questions measuring employee attitudes toward their work, their influence in decision-making, and their views of the Partnership and of KP as a place to work and to obtain health care. Data are presented in Table 11.2 on several of these questions and indices that average some of the individual questions in the survey along with the

percentage point changes in responses between the 2009 and the 2011 survey.

The data are categorised by union members covered under partnership and non- partnership unions. The views of members of partnership unions largely either remained the same or increased by one or two percentage points over these years. Further examination of the survey data

Table 11.2 People pulse scores, partnership and non-partnership union members, 2009–2011

Question or index	Partnership union members		Non-partnership union members	
	% Favourable (4 or 5 ratings on a five-point scale)	2009–2011 Percentage point change	% Favourable (4 or 5 ratings on a five-point scale)	2009–2011 Percentage point change
Engagement index ^a	90	+2	83	–2
Work unit index ^b	75	0	73	–1
Workforce effectiveness index ^c	77	+1	72	0
Recommend KP as a place to work	88	+1	78	–3
Enough say in how to do my job	68	+1	62	–1
Recommend KP for health care	89	+1	81	–2
LMP has helped improve working conditions	60	0	Not asked	
LMP has helped improve organizational performance	62	+1	Not asked	

Source: Organizational Research Unit People Pulse Survey data 2009–2011

^aEngagement Index includes questions such as: “Am I proud to work at KP?” “Do I have a good understanding of goals?” “Would I recommend KP as a place to work?”

^bWork Unit Index includes questions such as: My unit does enough to promote patient safety, I know about department goals, and there are efficient work practices in my department

^cWorkforce Effectiveness Index includes questions such as: my department operates effectively as a team, I have enough say on my job, good ideas and information are shared, I’m valued as an individual, people are held accountable for performance, and I trust in job done by senior management

showed that partnership union members either improved slightly or remained the same on 47 out of the 51 questions asked in the survey and none declined by more than three percentage points. A lower proportion (but still majority) of members of non-partnership unions gave favourable responses to these questions in both surveys, but their views declined slightly (between one and three percentage points between 2009 and 2011 in the items shown in Table 11.2). Declines were experienced by non-partnership union members in about half (26 out of 51) of the questions asked in the surveys. It should be noted that these data cover all partnership and non-partnership represented union members and therefore should not be viewed as providing a specific comparison of SEIU and NUHW represented workers. It is not possible to break the data down to this level of detail to provide this specific comparison.

As shown in Table 11.2, the LMP also continues to be viewed as favourable by approximately 60 % of partnership union members. This rating has not changed significantly since 2009.

A number of the questions included in KP's People Pulse survey replicate those in a national health care survey carried out by Towers Watson, a consulting firm that conducts standardised surveys for client employers in order to provide external industry-specific benchmarks for comparison purposes (Towers Watson WorkUSA Survey). KP's partnership union employees on average scored 11 percentage points higher when compared with employees in all health care firms in Towers Watson's data base. Partnership union members at KP scored on average between one and two percentage points below data from Towers Watson's "Best in Class" health care employers. Taken together, these data indicate KP employees represented in the partnership rate their work environment considerably higher than the average of other health care employees and are slightly under the benchmark norm for the best in class in the industry.

Management and Labour Leader Views of the Partnership

The managers and labour leaders interviewed in this study were each asked to indicate the metrics they use to evaluate the partnership and to provide their personal assessments of the partnership against these metrics.

The metric mentioned most frequently was the level of trust built up over the years among management and labour leaders:

The essence of the Partnership is trust. And we are fortunate that we have trust at the leadership level.

A closely related point mentioned by several interviewees is the ability to resolve problems as they arise, through either formal or informal discussions:

I think the partnership is working reasonably well. We can have very honest discussions and get things done. We talk both in formal settings and informally. We have made remarkable progress in the movement toward UBTs and toward a performance culture. Last year we had a bit of controversy over an incentive program for flu vaccination. Without a formal mandate for health workers to take the flu shot or wear a mask, we had to structure a less intrusive incentive based approach in our PSP [Performance Sharing Program] program. There was considerable discussion and we worked out this compromise approach.

There was nearly universal agreement among both management and union leaders that the growth and increased effectiveness of UBTs is the partnership's most important substantive achievement in recent years:

What are our most important achievements since 2010? We have worked well on our IBB problem solving processes in negotiations and on partnering on a daily basis and on building UBTs. We have performed remarkably since then on growth, quality, etc. The partnership has contributed to making us the number one health care quality provider.

UBTs are probably most rigorous in the program right now. Teams are working diligently on making themselves high performing and not just working on minor issues. In terms of quality and service all the work around UBTs has really helped us—our quality and service are really up there—#1 Medicare service in the world—service up as well to 80 % on HCAHPS measures. And I actually think it is partnership that has done this—our partnership with the medical group and partnership with the Coalition. Together we have translated partnership to the front lines.

The heart of partnership is on front line with physicians and staff. When they do their work are they doing it collaboratively? LMP has

helped that process; employees and staff understand the business part of the business—about KP's mission, nonprofit status, and integrated delivery system. Partnership has facilitated this. Without partnership this was still possible but would have been more haphazard, and would have taken more effort.

Union leaders shared these assessments but take a somewhat more expansive perspective in evaluating the partnership. One put it this way:

KP employees are the best compensated health care workers in California and arguably in America. These are terrific jobs and America needs millions more jobs like them. But this also makes the partnership a target and we better think long and hard about how to maintain this. To the credit of all who maintain the partnership, KP takes the high road. Kaiser Permanente and the unions have chosen to pursue a business strategy that wants to deliver great care, be the best place to work and pay the best wages and benefits. The whole value compass is taken seriously. KP is top notch in care delivered, in terms of any outcome you want to look at. It is nice to see that the best health care in America is given by the highest compensated and highest unionised labour force. This is a case where the industry leader is also the best labour management relationship in America.

Another union leader reflected back to the aspiration of the founders of the partnership:

I would start by saying that we are now in a place where those who began this process in 1997 and 1998 would be pleased. I am guessing that their aspiration was for us to be something extraordinary where leaders from both sides could sit in a room and work together to solve common problems as partners, not adversaries. To a large extent I believe we have achieved that. Perhaps the leaders for 1998 would have hoped that we had gotten here sooner than this but we have come a long way together. Partnership is no longer something we consider doing, it is now how we conduct our business every day.

When asked about their disappointments since 2009, various interviewees noted significant concerns with the pace of change, accountability

of the parties, and the limited ability to address affordability and other tough issues:

The partnership is moving in the right direction, but at the speed we need, no. I also don't think we have fully grappled with affordability—a serious issue as I look at what's coming with health care reform. What worries me is that we'll be asked to take care of lot more people with lot less revenue per member. So resources will be really challenged and volumes will be significant. This will drive us to figure out how to deliver care more efficiently.

We have to be focused on affordability; and we haven't always put this at the forefront. A clinicians' point of view is normally to focus on patient care and quality. That's important but more and more the jolt the economy took these past years and the changing reimbursement situation now make affordability a key concept.

Another executive put the pace of change in concrete dollars and cents terms:

The fact that we live in a unionised environment has made some changes in administrative work more slow and expensive. For example, we opened two new contact centres to answer phone calls in California. The new ones are well developed and so we closed down older ones and because of the partnership it took another year and half and another \$20 million, more than any of our competitors would have done. The extensive security provisions of the agreement that are awfully good for the workers have added costs and slowed down pace and also materially constrained the aggressive pursuit of more efficient ways of doing things. If it didn't take a couple years and tens of millions to get things done we would have more ideas of how to take costs out of the administrative side. So the LMP doesn't prohibit doing things that are highly efficient but it takes longer and costs more and so that reduces the number of things that can be considered.

Another executive with extensive experience with the partnership was more critical:

I'd characterise my reaction to the partnership as largely disappointed. Management hasn't held labour accountable for behaving as partners and

has allowed the coalition to not function as a coalition; it is management's fault for not holding them to this standard. For example, when we opened a new facility two different unions divided up the jobs and they can't fill in for each other. This increases the complexity of managing and increases inefficiencies. It doesn't speak to there being a coalition. We haven't figured out a great way to resolve those issues.

One KP executive summed up a view expressed in other interviews, and in interviews conducted in our earlier research, by saying that support for the partnership continues to be stronger at high leadership levels than among frontline management and physician leaders:

The Physician leadership sees value in the partnership. When I think about success for Kaiser Permanente, it would be reflected in how we are working with patients and members to deliver on the KP promise. If our performance is high in access, patient satisfaction, quality and affordability, it demonstrates the success of the organization and our partnership has helped with this.

Do front line physicians share this view? Physicians as a whole are a funny phenomenon; they have a jaded view of the partnership. But if you talk about how they work with their nurses and teams, they love them because physicians are all about process improvements. Where they get jaded it is about attendance. They don't see any improvement on this. Seniority is also still an issue for them and that hasn't changed.

Front line managers roll their eyes as well but it is more around the feeling that when they have partnership meetings a lot of work still falls on the manager. There is not joint accountability. Not all the labour people show up as partners at the meetings so accountability is not always there on the labour side. We have some great ones but it is the variability that is a problem.

The need for more "flexibility" also came up often in management interviews:

Another issue that still comes up is flexibility. Some was negotiated in the 2012 contract but it is still hard to do in practice.

When asked about the future of the partnership, the dominant theme was cautious optimism, checkered with worries about whether KP is up

to the challenge of transforming health care delivery given the changes that lie ahead and about the ongoing effects of inter-union rivalries:

We are still put together to be incredible leaders on all this—we have 60 years’ experience; the investments in technology are there to give us the chance to transform healthcare. The question is can we embrace this opportunity and do we have the relationships needed to work on this?

I have a reasonable degree of confidence we can do it but the coalition is not a firm coalition—it is a disparate mix of unions and the inter- and intra-union politics sometime raise havoc. So labour has to get it together!

Union leaders are also optimistic but share some of the same worries about the ability to adapt to the changes that lie ahead:

Do we want to turn KP into GM [General Motors] and do we want to be the UAW? [United Auto Workers] We have talked about this. What keeps me up at night is, how do we get those in their 40s and 50s to retirement age with all they are expecting? I don’t want to be around while we have lost defined benefit pensions or retiree health care. But we are getting into a much more volatile period for health care. The trick going forward is that we are completely committed to staying on the high road. That doesn’t mean we can be for the status quo. So what can we do before we become victims of our own success?

National Health Care Policy and Its Effects

The USA enacted a national health insurance law in 2010 (the Affordable Care Act) that, when more fully implemented, will extend coverage to most of the population. The new law poses both tremendous opportunities and challenges to KP and the labour–management partnership. The opportunities lie in the large new pool of potential customers that KP can compete for—essentially a pool of lower-income individuals and families.

The payment provisions in the law will very likely put enormous downward pressure on prices for health care coverage, both for the new low-income enrollees and for those over the age of 65 covered by the nation’s Medicare program. KP cannot hope to compete for these groups without

substantially lowering the price of its insurance offerings and services. One estimate is that the revenue per patient for Medicaid enrollees may be as much as 40 % less than KP's average per-patient revenue. Those covered through the law's Exchange option will be somewhere between this 40 % lower rate and KP's current average per patient revenue.

There is widespread awareness of these challenges. Typical comments from interviewees include:

The health care law puts a bit of a strain on all of us and challenges us in terms of our cost structure. With revenue being cut and with our high fixed costs and high labour rates it will really force us to figure out how to fix our cost structure and with lots of competitors beginning to look more like us without all the costs we have. Lots of consolidation of hospitals and medical groups is going on. So my worry is, do we have the flexibility to navigate and change our cost structure?

A union representative put it this way:

There will be disruptive change. KP has been slow to provide care to the Medicaid population. The unions will not be an impediment to providing this care. Care is moving away from old systems to new business models—supplemental and parallel to KP's model. But we can't cost shift (shifting costs to workers) our way out of this problem. California is at the bottom of the Medicaid system in terms of payment levels. So there has to be national Medicaid reform; 17 million people will get covered through Medicaid expansion and 4 million in Cal. So this has to be assimilated and we can't do it if we are losing 40 to 60 cents on the dollar. Reform has to be part of the process; but we will be taken seriously only if we are model care givers and doing everything we can to be nimble in constructing teams to deliver quality care ... not just at KP but in all of the health care industry.

As the data presented above attest, the partnership has done a good job at helping KP achieve incremental changes in practices that gradually improve service and quality outcomes and employee views of KP as a place to work and to receive medical care. The new price points for these growth opportunities will, however, likely require radical or disruptive changes to lower costs, which cannot be achieved with marginal or

incremental changes in practices. Whether and how KP and the partnership address the demand for disruptive change will be among the next big challenges the parties face.

Consensus Features of Emerging Health Care Models

To provide a context for the types of changes that will be needed, it may be helpful to summarise how health care experts, at KP and nationwide, see the delivery of health care evolving in the years ahead (Institute for Medicine 2001; Swan 2009; Norlander 2011; Bisognano and Kenney 2012). The key features of the emerging model include:

- (1) *The importance of data and information networks*: extensive use of technology, patient health data, and evidence-based treatment protocols to support preventive health care, determine treatment options, and monitor patients (including self-monitoring)
- (2) *Remote care*: less reliance on patient visits to clinics or hospital stays and more reliance on home care, community-based care, self-monitoring, staff monitoring of patient panels and communications via email or phone
- (3) *Team-based models*: movement from physician-centred care models to ones that rely more heavily on well-coordinated teams of physicians, nurse practitioners, nurses, other staff, community liaisons, patients, and their family or other personal caregivers

executives, physicians, and labour leaders recognise the centrality of these features:

We have to break into the information age of health care. Tens of thousands of double blind experimental studies are coming out and all this knowledge is available on the web. The explosion of knowledge means physicians are no longer at the centre of patient care. The key is using information smartly and using health care teams that can manage the health care process—teams of pharmacists, techs, nurses, physicians, specialists, etc. working within their scope of practice and using a team-based approach.

Digital, social media and information technology will put lot of pressure on the partnership to make better use of these tools (information technology) to get the results we want. Fundamental changes in time and spatial dimensions of health care delivery are possible. Patient-caregiver interactions are no longer confined to face to face or physical visits. They are no longer related to point in time or geography. This requires a different and more nimble workforce. We will not need as many offices but on the other hand we will need more people out in the home and community doing work a doctor doesn't have to do to find patients, educate them, get them to comply with their treatment plans and so on. We are just on the edge of this change. The partnership will have to help us navigate these changes.

Adoption of the features in this new model is perhaps the biggest challenge and the biggest opportunity facing the partnership.

Conclusions

The partnership built by KP and the union Coalition has now survived for 18 years and continues to serve as America's largest and most comprehensive labour-management partnership in history. While labour-management partnerships tend to have limited half-lives, this one has demonstrated an ability to work through the various pivotal events that come along and often lead to their demise. Over its first decade, the partnership helped turn around KP's financial performance, built and sustained a record of labour peace, and demonstrated the value of using interest-based processes to negotiate national labour agreements and to resolve problems on a day-to-day basis. In the past 5 years, the parties have achieved significant progress in integrating the partnership into the standard operating model for delivering health care by engaging teams of employees, supervisors, and physicians in team-based continuous improvement processes. As a result, KP is now one of the nation's leaders in the use of frontline teams to improve health care delivery. Combining negotiation of a comprehensive employment security agreement and protocols for managing technological change with direct engagement of employees and union

representatives in the implementation of new technologies and ways of working has helped to also make KP a national leader in the use of electronic medical records. The evidence from our research and multiple other studies demonstrates the payoffs of this integration of technology and work process innovations to the quality of health care KP delivers (Litwin 2011).

Yet challenges remain. The most obvious challenges will involve addressing concerns about affordability, flexibility, better documentation of the benefits of partnership, and managing through leadership transitions and coping with the effects of continuing inter-union conflicts. The KP LMP demonstrates the potential value as a model for labour relations in the twenty-first century and as a model for health care delivery and improvement.

A signature feature of the partnership has been its ability to directly confront crises or challenges by putting the tools of the partnership to work in addressing problems as they arise. Undoubtedly, other challenges and crises not discussed above and unforeseen at the moment will arise, requiring the same determination, leadership, and skill for the partnership to continue, deepen, and broaden its contribution to the future of health care delivery in America. The stakes involved here are important to KP, its patients, and its workforce. But they are also important to the future of health care and to the future of worker voice and representation in America. Indeed, many are watching and eager to continue learning from this critical experiment.

This case study demonstrates the importance of studying labour–management partnerships over time with a mix of qualitative and quantitative data. The ability to interview key leaders, observe and participate in partnership negotiations and other processes, have access to internal organizational data, and the opportunity to give feedback and discuss research results directly with the parties provided a deep understanding of the key pivotal events that were experienced at various points in time. While the ability to conduct this type of historical, participant observation and mixed method research is rare, it is not unique (see, e.g., Cutcher-Gershenfeld et al. 2015). The hope is we will see more studies of this type in the years ahead.

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12

In Search of Workplace Partnership at Suncorp

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Introduction

This chapter examines workplace non-union cooperation at Suncorp Group in Australia, especially the notion of partnership in this context. For this purpose, we define workplace partnership as ‘labour–management cooperation for mutual gains’ following Ackers and Payne (1998:

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279-301). The social partnership model operates at the workplace level in different ways within different national contexts (Badigannavar and Kelly 2005; Guest and Peccei 2001). Common to these workplace arrangements is the provision of information to and consultation with employees and/or their representatives during decision-making processes and the mutually beneficial outcomes in relation to trust, industrial relations (IR) climate and economic benefits (see also Badigannavar and Kelly 2005; Holland et al. 2012; Townsend et al. 2014).

Within the context in Australia, Suncorp is one of a small number of large firms with a relatively formal and established non-union employee representative (NER) structure—the Suncorp Group Employee Council (SGEC). SGEC is a unique NER arrangement representing Suncorp employees through an entity that is different from both the works council and Joint Consultative Committee (JCC) models but one which has Embedded within the organisation since 1988 (Gollan and Xu 2014; Markey 2007). Moreover, this representative arrangement has evolved over the years, forming workplace partnership with Suncorp management for employee information sharing and consultation, as well as for handling employment relations (ER) issues through the division of responsibilities between the managers, human resources (HR) and SGEC.

The ongoing partnership between SGEC and the Suncorp management in resolving employee disputes (primarily through its HR delegates) and enhancing employee voice has been mutually beneficial for individual employees and the organisation overall due to the high level of trust with management, harmonious IR climate and cost benefits. In the context of Australia, where union density has reached its historical low and non-union workplaces are dominant (see Chap. 7 for more details on the context in Australia for social partnership), Suncorp offers a rare case of enduring labour–management partnership within a non-union organisational setting. In this chapter, we examine whether and to what extent workplace cooperation involving a formal NER constitutes a case of partnership at work. Against a backdrop of declining union membership and the related issue of employee representation, this case study contributes to the important debate of whether meaningful labour–management partnership is possible in a non-union enterprise in Australia.

Methodologically, this study adopts a mixed-methods case study approach (Yin 2003) to understand the mechanisms and outcomes of labour–management collaboration within a non-union setting in Australia. Through both qualitative and quantitative data, we demonstrate the case of workplace partnership at Suncorp ‘in all its particularity and ordinariness’ (Stake 2005, p. 445). Demonstration of such an exemplary organisation may have strong persuasive power (Siggelkow 2007) as it affords rich description of processes and dynamics of a rare case. Based on three waves of qualitative and quantitative studies, Gollan and Xu (2014) have analysed the case of SGEC as a formal NER in Australia. This chapter will briefly draw on the data to discuss the case from a different lens of workplace partnership. In addition, new interview data were collected in 2014 to enable updates to the case and in-depth knowledge from the standing points of human resources as a key management agent or delegate in the collaboration with SGEC, a perspective which has not been extensively examined in earlier waves of study. In this latest round of data collection, we employed purposive sampling method to identify the staff members who were knowledgeable and engaged, at various levels, with HR functions or SGEC, and conducted 11 semi-structured interviews with them. Suncorp Group and SGEC websites and documentations are consulted where available for information triangulation.

The remainder of chapter is structured as follows: First, we provide updates on the organisational context at Suncorp Group; second, we briefly introduce SGEC as a form of NER; third, we examine the operation and impact of workplace cooperation between SGEC, the employees and management at Suncorp; and finally, we end the chapter with a discussion of major issues and challenges into the future.

The Suncorp Group

Suncorp Group is known for its leading brands in general insurance, banking, life insurance and superannuation management in Australia and New Zealand. The organisation has five core businesses—Personal Insurance, Commercial Insurance, Vero New Zealand, Suncorp Bank

and Suncorp Life—that are supported by corporate and shared services divisions. The Group currently has 15,000 employees and established relationships with 9 million customers. It is a Top 20 ASX-listed company with \$96 billion in assets (Suncorp 2015).

This group company was formed in December 1996 by merging of three entities: Suncorp, Queensland Industry Development Corporation (QIDC) and the Metway Bank of Queensland. The first two of these organisations were originally owned by the State of Queensland; Suncorp was originally the State Government Insurance Office (SGIO). In 2001, Suncorp Metway acquired AMP's Australian general insurance interests, which included Government Insurance Office (GIO) Australia, and obtained controlling shareholdings in the insurance operations of The Royal Automobile Club of Queensland Limited (RACQ) in Queensland, The Royal Automobile Association of South Australia (RAA) in South Australia and The Royal Automobile Club of *Tasmania* (RACT) in Tasmania (Suncorp Group 2015). In 2007, Suncorp Metway merged with Promina (who owned brands including Australian Associated Motor Insurers Limited (AAMI), Australian Pensioners Insurance Agency (APIA), Shannons and Vero), forming the Suncorp Group.

This backdrop of constant organisational change, in particular large-scale mergers, acquisitions and restructuring, has provided a tricky ER context (see also Gollan 2006; Markey 2007). Redundancies, redeployment, relocation and altered working conditions have been commonplace. The company has also considerably changed the status of the enterprise agreement with employees. The 2001 merger with GIO, and the major defeat suffered by the Finance Sector Union (FSU) during this process, reduced the FSU power structure and role in the negotiation process, with the FSU no longer a party to agreements.

A group of employees approached management after the FSU failure and established a cooperative relationship, including negotiating a number of favourable benefits and conditions for employees via two voluntary agreements registered in the Queensland Industrial Relations Commission in 1992 and 1994. These employees were the pioneers of the current-day Council. They also established an employee advisory, advocacy and representation role in the grievance resolution process, including representing employees in workplace disputes before the State's industrial tribunal.

The motive for the Council was a desire to have a more direct relationship with employees without the mediating forces of a 'third party' through union representation. From a management perspective, the union avoidance motive is clear. The FSU had a strong presence in a previous company before it was merged into Suncorp. But in 2002, a large majority of the previous company's employees voted in favour of the non-union agreement, Suncorp/GIO General Insurance Business Integration Agreement under the Workplace Relations Act 1996. The FSU felt that the agreement facilitated Suncorp's objective of developing uniform conditions between GIO and Suncorp staff by providing for GIO staff conditions to be contained in individual employment contracts, thus allowing more advantageous conditions to be 'whittled away' (Finance Sector Union 2003; Markey 2007). SMEC and FSU officers believe that GIO staff voted for the non-union agreement because they felt that if they rejected it, they would be left without access to any agreement to protect their conditions.

During this process, Suncorp had refused consultation with the FSU, blocked its email access and prevented entry of union officials to workplaces (Clifford and Hannan 2005). Suncorp's non-union certified agreement was negotiated with Agreement Development Teams (ADTs) comprising volunteers who receive 60 % time off from their normal work duties for ADT activities. The agreement covers around half of all staff, with the remainder on individual contracts. The Suncorp Metway Employee Council (SMEC) then became formally recognised as the main advisory body to the ADTs (Markey 2007). The agreement were renegotiated after the implementation of the FWA in 2009. By 2012, Suncorp employees were mostly covered by an enterprise agreement, with only a few (less than 1 %) senior managers covered by individual contracts. The union membership level at Suncorp Group has remained at about 4 % since 2009, whereas this level was much higher (13 %) back in 2002 (Gollan and Xu 2014, pp. 55–56).

From 2009, restructuring and redundancies began to settle down at Suncorp Group. There are still organisational partnering, outsourcing and offshoring, but nothing like the earlier spate of mergers (see Gollan and Xu 2014). But the ongoing changes had put an onus on management communication and the need to develop trust, which in turn highlighted the role of the SGEC.

Suncorp Group Employee Council

The SGEC is a separate legal entity and is governed by its Constitution. The 2001 Memorandum of Understanding guaranteed a level of funding to the Council by Suncorp Group: initially up to 0.5 % of yearly gross profit, which was later changed to an amount given per staff member (Gollan and Xu 2014). SGEC (the ‘Council’) has evolved over a quarter of a century. Its origins lie in the Metway Group Industrial Organisation of Employees (MGIOE) in a small Queensland regional bank (Metway Bank) of around 600 employees in 1988 (Gollan 2006; Markey 2007; Muir 2003). Since its incorporation in 2001, it has adopted an employee council model and the Council provides a ‘collective’ enterprise voice for all employees in the organisation and can assist employees with dispute resolution, although its powers no longer extend to negotiating with management on wages and conditions.

The SGEC aims to provide employees with ‘an independent avenue to get assistance with their questions or issues in the workplace, dispute resolution putting forward their ideas, and concerns about issues that concern their working lives’ (SGEC 2015; Markey 2007:197). SMEC (2003, p. 1) also states that it ‘exists to lobby management on group issues, provide individuals with an independent avenue to voice grievances and to offer assistance to all staff in times of dispute’. In short, the SGEC provides free advocacy and advisory services, representation on major issues of concern such as dispute resolution, HR information sessions and grievance resolution to all employees. Other services are offered exclusively to members, including discount schemes, accounting and taxation services, legal services, fitness and sport activities, and special information sessions concerning policy and legislative requirements (see Gollan and Xu 2014, p. 54).

Suncorp’s purpose is ‘creating brighter futures’ for their stakeholders, namely delivering strong consistent and sustainable returns for the shareholders; building portfolio of respected brands and delivering simple and accessible products to create brighter futures for their customers; being the employer of choice and contributing to brighter future for the communities they work in (Suncorp 2016). To achieve this goal, the SGEC

has recently started to strengthen the employee voice mechanisms within the organisation and describes its role as being twofold:

- It is a Safety Valve, providing an effective internal mechanism to assist all Suncorp Group employees in managing and resolving workplace issues.
- It is a Voice Mechanism within the Suncorp Group, providing a means through which all employees can have input into decisions which affect their working lives.

And while the SGEC will continue to perform its core role of helping employees, especially with dispute resolution, it now has a dual focus on enhancing employee voice. This has been described as a 360-degree feedback loop, which facilitates two-way communication between employees and the management. Reflecting on this, the operation of voice mechanisms will be the new strategic focus for SGEC over the next 2 years. The importance of this approach was signalled by the appointment of a Voice Strategy Manager in 2012.

The function and structure of the Employee Committee has remained largely unchanged over a decade. The Employee Committee is made up of 25 elected 'councillors' representing different business units—a team of around 20 delegated regional/interstate committee members who canvas the views of employees in their work areas across the nations and lobby management on behalf of employees. It administers the Council between Annual General Meetings and is elected every 3 years by a secret ballot of members. These councillors also elect an Employee Committee Executive of five members, comprising the president, two vice presidents, secretary and treasurer. Suncorp Group currently has about 160,000 employees, with half of them being SGEC members. The membership rate is up from 35 % in 2004 on a smaller employee base (Markey 2007), with the longer-term aim being to represent all staff at the Suncorp Group. The core representative services of the SGEC are available to all employees, whereas extra membership benefits were developed exclusively for members, including a discount buyer scheme, taxation accounting and legal services, and health club access. Membership is free and simply requires completion of an application form. SGEC members enjoy exclusive rights of committee election compared with non-members.

Alongside the Employee Committee, there is an executive office of the SGEC, which provides employee advisory and other membership services. The main SGEC has had an executive officer employed full time since 2006. Under the leadership of the current executive officer, there are presently four full-time and one part-time IR advisors (located at Brisbane, Sydney and Melbourne), one full-time Voice Strategy Manager and two administrators, an increase from a total of five people in 2004.

Mandate must be obtained directly through the decision of colleagues, and thus, the electing of representatives is considered the appropriate mechanism (Gaffney 2002). Employees in the organisation are eligible to nominate themselves for election to the Council every 3 years. The election process is conducted by an external independent body and the Council Constitution provides a mechanism to temporarily fill casual vacancies between elections to maintain interim representativeness. As a corporate entity, the Council is also required to produce audited annual financial statements on its accounting operations at its Annual General Meeting and submit these to the Queensland and federal statutory bodies, with which it is registered. Under all these dimensions, the SGEC can substantiate its legitimacy as a non-union representative of employee voice and part of a partnership project. The effectiveness of SGEC as an NER has been specifically assessed in Gollan and Xu (2014), drawing on the longitudinal data collected through the three waves of employee surveys and interviews over the past decade. In short, the longevity of the SGEC, the continuous management and employee support, increased SGEC membership and employee satisfaction with the Council have demonstrated that the SGEC brings value to both parties. In 2000, the SGEC handled some 60 cases entrusted by Suncorp employees, which grew to 1000 cases by 2009 (during which period a merger between Suncorp and Promina was taking place) and then doubled again to over 2000 cases annually in the 3-year period between 2009 and 2012. From 2009 to 2012, the top three functions the SGEC performed were: (a) dispute resolution and consultation, especially those related to retrenchment and redeployment; (b) performance management; and (c) policy interpretation. While the case increase could be a result of large-scale merger, ongoing restructuring and redundancies on one hand, it is also a sign of increased trust of the employees towards SGEC, which will be highlighted in the next section (see Gollan and Xu 2014, pp. 62–63).

The SGEC appears to be an effective avenue for greater workplace justice and dispute resolution, which is a major function of an NER identified by previous research (Kaufman and Taras 2010; see also Gollan and Xu 2014; Gollan 2006). Notwithstanding the influence of SGEC on major organisational decision-making is limited, the SGEC, as an NER of 25 years' standing, has had success in channelling employee dissatisfaction, facilitating communication, maintaining a harmonious workplace and enhancing perceived justice in the absence of a strong union that could otherwise perform these functions.

Partnership in Practice at Suncorp

In Australia, although there is rhetoric around social partnership for IR reform, no formal national-level institutions have been established so far with explicit reference to such an approach. However, at organisational level, attempts at labour–management partnership may have been put into practice such as in the case of Suncorp. To examine the extent to which workplace partnership does exist in practice at Suncorp, we will operationalise the major workplace partnership principles into specific ER practices and their outcomes, an approach similar to that adopted by Badigannavar and Kelly (2005) and Guest and Peccei (2001) for non-union workplaces. More specifically, we adapt their operationalisation of the partnership principles on the following two dimensions: (1) partnership practice, involving division of ER responsibilities between line managers, HR and the SGEC, and arrangements for direct and representation participation in and influence on decision-making, together with information sharing and consultation (i.e. employee voice); and (2) partnership outcomes (including level of trust between management, SGEC and employees), positive ER climate and evidence of mutual gain.

Partnership Practices: Division of ER Responsibility and Collaboration

Fundamental to the understanding of partnership in practice is the actual division of responsibility in relation to ER between line managers, HR and the SGEC, and how these major stakeholders work in collaboration.

At Suncorp, there has been a concerted effort by senior managers to encourage employees to approach their direct managers or leaders for any issue as a first point of contact. Leaders and managers are expected to resolve any issues before they are escalated. Suncorp was also trying to change the dynamics within the organisation and were encouraging leaders to be receptive with employees approaching them and to encourage them to come forward with solutions.

The SGEC advisors believed that having the two channels, that of the Employee Council (EC) and that of HR, as separate was beneficial, and that they usually worked well together in consultation with each other to resolve issues. Equally, HR were generally receptive to SGEC raising issues with them. Employees took the view that they would approach SGEC for advice as the first port of call and indeed HR seemed a rather distant point of contact and was seen as being there for management. One employee explained:

I think they (SGEC) seem like a friendly point of call that I could go to. Not as serious as Human Resources. I wouldn't feel threatened. I think Human Resources I would feel like – it's just my perception of never actually dealing with them, that all performance management between leaders goes through HR. So it just seems like this negative place, but Employee Council seems a bit more for the staff I think it just seems like any bad happens we'll take it to HR.

Correspondingly, HR saw itself as having a very specific and distinct role: to support business needs and deliver corporate initiatives, so seeing their role more as supporting the leadership. Thus, an HR manager advised:

It (HR) really is completely to help the management. There's a very leader-led model at Suncorp, so really I see my role in HR is to support a manager through a process. HR doesn't normally even attend meetings with employees. Even say it was a disciplinary meeting or something – I'm helping a manager at the moment with a medical termination and they're like, can you come to the meeting? We're like, no, – I can help you as much as you want – but really you need to run that meeting.

So if I was to ever get a phone call directly from an employee saying, look, my manager's bullying me, or they wanted to open up about something, I really have to stop and say, sorry, I'm not the best person for you to speak to, and I encourage them to ring the Employee Council for assistance.

In this respect, it is instructive to note that even if an employee contacts the HR department with work-related issues or policy questions, they can be referred to the SGEC. HR clearly saw the role of the Council as important and separate from HR, with the clear role of providing support and information to employees and advocating on their behalf. The HR office actually discourages employees from approaching them on some issues, with employees advised to contact the EC instead. However, it was noted that not all employees were aware of the SGEC and their role, and this led to some frustrations among HR staff. An HR manager complained:

Sometimes I think, I wish the Employee Council could just ring this person and help them, but if the employee doesn't raise it initially, it's a breach of privacy for us to ask the Employee Council to contact them. So you really have to wait for that employee to have that need or want to go to someone to get that help.

HR did try to direct staff to the SGEC, and in their experience, employees generally got good support from the Council. There was broad agreement that the SGEC had good relationships with different parts of HR and they tried to work together most of the time to resolve employee issues. It was pointed out that some HR staff were actually members of the SGEC too. As an EC workplace relations officer put it:

I think that they (HR) serve their purpose. HR do often refer matters and any issues through to us (EC) where they feel that they can't appropriately deal with that, so I guess it raises the question obviously if the Employee Council didn't exist well it would be interesting to see how HR would deal with that. Predominantly I think their role is to support leaders. In terms of escalating and dealing with employee voice issues, then I think that they're – I suppose they fulfil their capacity quite often in actually referring those sorts of things to the Employee Council.

There were occasions when they would work together when the Council was representing an employee. As the EC workplace relations officer explained:

So the times when they would work together are when there is potentially a performance issue or an employee has come to the Employee Council

needing help and advice and the Employee Council is acting on behalf of the employee. So they'd talk to HR and say, have you spoken with the leader or the manager and have you got some context behind what's going on? Then the Employee Council member can talk to the employee about where things are at, the next steps and they can provide a bit more clarity on the process as well.

Thus, although the SGEC is a part of the organisation and funded by them, it is viewed as a separate entity by the major stakeholders of Suncorp. The Council considers that it has demonstrated its independence from the influences of external unions and the Suncorp management, and that it provides membership services, autonomously sets its own budget, and offers support and advocates for employees in the grievance resolution process.

In addition to the division of responsibilities, participants also discussed some examples around how in practice SGEC and the Suncorp management, primarily through HR delegates, handled some ER-related issues in a partnership manner. One example, as explained by an EC representative, is as follows:

One that comes to mind is the one that centres around changes to superannuation that we saw I think last year. There were quite a few queries coming through from employees on that around 'what that looked like', 'what that meant', and needing communication about it. The Employee Council liaised with the relevant people within the Group to make sure that those communications were happening, that people were being communicated with appropriately, questions were being answered. It was quite a smooth process and I think resulted in those voice issues being heard and being addressed.

Another example provided by a line manager is:

One example recently, unfortunately I was in a position where I terminated an employee and the reason being that there was misconduct on his behalf but I was supported from human resources. For him, he wanted to make sure that I was doing everything above board so he engaged the employee council so I actually had the employee council come and sit and

be part of that discussion. Whilst their role was not to intervene or answer on his behalf they were absolutely there just to make sure that everything was above board.

Others saw partnership in the process of working together, albeit from different positions, to solve problems, just as an HR manager says:

In general in my experience, often people think that parties like that are really there to make life difficult, but they can actually be quite helpful even for us. Of course, their number one objective is to help the employee, but they can discreetly share information with us (HR) or negotiate. We can come to an agreement unofficially on what might help resolve something. It's not that there's anything dodgy about that. It's just having a really frank and open discussion about how both parties can achieve a particular outcome, so that can be really great.

Though HR also pointed out that their main job is to support leaders, an HR manager explained:

My main job is to support the leader, so it would just be having a discussion with the Employee Council to see—they might ring me to say, look, I've got this new case and this employee's about to put through a complaint, and they might pass the complaint on to me. Or it might be a difficult termination where they might come to us around—the employee's asked if they could resign. Maybe we were midway through a performance formal meeting, which I wouldn't be in, but then they might ring me and say, we're in the meeting break and the employee's considering resigning at this point. Would management consider accepting a resignation? So it might be that sort of situation.

From the Suncorp perspective, the manager's role is the most important for maintaining relations with employees rather than leaving them to the SGEC. However, there are times when the employees do not feel comfortable in approaching the line manager and then they go to the SGEC. In our recent research, we found a range of issues on which employees would approach the Council, including explanations of workplace health and safety policies, workplace arrangements, leave, performance reviews,

redeployment, workers compensation as well as complex issues such as bullying, where the SGEC might investigate the issue on employees behalf and also provide advice.

Partnership Practices: Employee Voice, Information and Consultation

Central to the notion of employee voice is that employees have a say and some influence over major organisational decision-making (Kaufman and Taras 2010). Our interviews with Suncorp employees and SGEC employees found that employees and SGEC do not believe they have much direct influence on business decision-making. However, there is consultation by HR and the senior management team if they feel there are major issues upcoming. Equally, the SGEC used their IR climate survey to understand employee issues and then leverage these to report to the business if there are some recurrent issues. But ultimately, the management has control and decides on actions.

Until the 2006 internalisation of the SGEC, the SGEC largely relied upon the expertise of an external consultant at its executive office. Today, the Council offers all employees advice, advocacy and representation services, and brokers' independent mediation on workplace disputes via its internal employee relations advisors. In addition information sessions for employees on 'hot spots' in policy interpretation identified from employee feedback and on employee rights and obligations along with training programmes tailored for line managers and supervisors are provided. The Council performs an advisory role to employees during the renewal of certified agreements by offering a benchmarking and information service on employment terms and conditions. Over the past few years, SGEC has shifted its focus to enhancing employee voice and the two-way communication between Suncorp management and its employees on a more regular basis and in a timely manner, an approach more akin to workplace partnership practice.

In fact, there has been an annual employee information and consultation forum, dating from 2003 when the Suncorp management and SGEC were concerned with improving communication and consultation

through a more formal arrangement on issues wider than grievances and negotiations. The key to this is a consultation mechanism, the National Consultative Forum (NCF). This body was established in November 2003, consisting of representatives from Suncorp management and the SGEC committee members. While the original focus of the forum was occupational health and safety issues, it later expanded to deal with broader policy issues (Markey 2007). The SGEC seeks to make an impact upon corporate policy through the NCF. The written Terms of Reference agreed between the Council and management requires that the forum meet quarterly to discuss a range of significant issues that affect employees at a group or national level. All participants agree that confidentiality be observed on sensitive information or discussions at forum meetings. Management nominees, including senior management and HR, inform the NCF of current organisational topics, including major restructuring or programmes put in place for the renewal of industrial agreements or health and safety systems. However, the scope of the issues addressed by the NCF is yet to extend to organisational financial and business investment matters such as those addressed by works councils (Muir 2003). Meanwhile, the SGEC informs management on a range of significant issues identified from employee feedback and surveys and submits proposals for consideration by the forum.

Apart from the NCF, the SGEC's new emphasis on employee voice represents its attempts to influence management decision-making. The SGEC has a clear role in communicating the voice of employees to managers as well as in providing an alternative channel for staff support, including grievances. Thus, a major responsibility of the councillor's role is to regularly communicate with their constituents on issues that affect employees and report those issues for attention at Council meetings. The information on such issues is gathered via staff surveys, or individual or group meetings. The Council then makes a decision on which of those issues should be brought to the attention of management (Gollan and Xu 2014, p. 62).

Suncorp conducts an IR climate survey each year (an anonymous survey with 36 questions on different aspects, namely community service, being an employee at Suncorp, health and well-being, leadership, employees' views on senior leadership team, etc.), which also provides a voice for employees. Managers with a team larger than five people receive

their individual team scores and are required to analyse their data and review areas needing improvement. As a manager explained:

If we get a low result for that we need to talk to our people about what it is that they need – what wasn't working so well. Then we have to create an action plan for our departments – we have to live and breathe the action plan throughout the year – what actions we've implemented to make sure that we're going to get a better result for our people – We want our people to be highly engaged and highly enabled and we have to upload that action plan onto our shared intranet so everyone has visibility over it.

The SGEC manager gave us examples of the kinds of issues that came up in the 2014 survey; namely, pay and basic conditions, work–life balance and job security. The latter was higher profile as a result of further restructuring. She explained:

I guess, Suncorp does a lot of re-structuring and I guess they're always trying to make sure that we are the [fittest] most well-run company, so employees have been through a lot of changes. I've seen a lot of restructures in the last – in the years that I've been here. It's almost like it's the norm to have a re-structure. So whilst employees – they might be re-deployed – there's always that concern that their role might be made redundant eventually.

A need to build relationships with employees was a main objective for the Council. As noted earlier, the SGEC made employee voice a key focus for the next few years, with the aim of this initiative being to enable two-way or 360-degree communication between employees and management, and hence increase employees' impact on organisational decision-making. The Voice Strategy Manager was to help manage those relationships.

Despite these efforts, it is clear that the Council does not intend to confront management about decisions in relation to restructuring or redundancy. The Council argues that the business knowledge of Suncorp management should be trusted and also wants to differentiate itself from unions' perceived adversarial approach in dealing with management. Also important is that the SGEC's influences on the terms and conditions of the enterprise agreement are limited to an advisory and supporting role.

This limitation is in part due to the lack of statutory support from the current labour law, despite its provision of consultation, as mentioned above. So any influence on decision-making comes through existing relationships and through less formal means.

Partnership Outcomes: Trust, IR Climate and Mutual Gain

The workplace partnership at Suncorp involving SGEC has been mutually beneficial to its employees, HR and the organisation considering the trust between SGEC, employees and the management, a collaborative IR climate, as well as socioeconomic benefits as a result of risk mitigation and management. Johnstone, Ackers and Wilkinson (2010, p. 373) consider 'trust, mutual commitment and good communication' cornerstones of a successful partnership. At Suncorp, the lasting support to SGEC from management and employees has demonstrated not only the value of SGEC to these parties, but also their trust in SGEC. Meanwhile, SGEC members have also demonstrated trust in the management in their capability of managing the organisation and approaches to dealing with ER-related issues.

Against a background of low trade union involvement at Suncorp, the annual employee surveys found that many more respondents remain convinced that the SGEC (and not a trade union) should continue to represent the workforce, especially when it comes to issues in relation to discipline, complaints, and pay and basic conditions. Indeed, the level of satisfaction with services provided by the SGEC has also improved over the past few years (see also Gollan and Xu 2014).

For management, despite there being no mechanisms for legitimate joint decision-making with the SGEC, the Council is often consulted informally or on a case-by-case basis when the necessity arises. Thus, on a number of occasions, the SGEC has lobbied management on major issues of concern that have been brought by large numbers or groups of employees. An SGEC staff member gave an example:

Recently we had to renew our enterprise agreement and there were some leave provisions I think that were changed a little bit in the new agreement.

There was a lot of upset people around that. Then they changed it back to how it was previously – We did have a lot of people that came to us and say look what's this about? I am not really happy with that – then they (HR) would ask us as well, have you had any people enquiring about anything to do with the agreement? We could say yeah there's been quite a few people that have said this. (This had influenced the management to change their decision.)

Overall, relations between management and employees were considered good by no less than 70 % participants in all three annual employee surveys, which clearly indicates a positive IR climate at Suncorp. Employees also demonstrate a high level of confidence and/or trust in their leaders as reflected by employees' preference of having their leaders represent them for issues to do with workplace change and complaints.

This positive relationship is also reflected in how HR and management perceive the role of SGEC in the future of the organisation. An HR representative's view is that the:

Employee Council plays a really important role, so I think about if they weren't around what would happen. It would just mean that there wouldn't be that same support there for employees, so we absolutely rely on them for that. Not to say that we wouldn't potentially ever not have them there, because that could absolutely happen.

Another outcome as a result of the partnership between the SGEC and the management through its HR delegates is risk identification and mitigation. Because of the enterprise-specific focus of the Council and its service, it has become apparent that employees tend to approach the Council for assistance at an earlier stage of a problem before it escalates to a formal dispute with management. This early intervention is seen as resulting in a more satisfactory resolution of matters within the enterprise, which ultimately makes things easier for both management and staff to resume their work relationship. Meanwhile, the partnership has benefited the organisation economically by mitigating risks of litigation and employee settlement, managing reputational damage through internal versus external resolution of cases, and associated financial cost savings.

Issues and Challenges for the Partnership at Suncorp

Issues and challenges for the partnership at Suncorp are concerned with the influence of employees on organisational decision-making and the legitimacy and independence of the SGEC. The SGEC was conscious that it needed to face two issues. First, it needed to not just inform management but also persuade them and shape their views. Second, the NCF, though established in November 2003, remained a work in progress and was the main hope for influencing corporate policy. But equally, it needed to be legitimate in the eyes of employees. Thus, the challenge for SGEC was to improve their voice function in relation to accessing and representing the wider employee base. Despite the increased awareness of SGEC, the membership level of SGEC is still lower than expected. The main reasons pointed out were a lack of interest and motivation of employees to join the Council. One employee said:

I think they are not interested, just not engaged. Yes, we are all aware of Employee Council, but I suppose we are not – there is no initiative for us to join. It's, I don't know, I suppose we don't see the results. Or no one is building it up. No one is talking about this is what Employee Council will do for you. So we do know that it's there, we just don't use it, or not use it enough I suppose.

Another major challenge is preserving the independence of SGEC as an NER in this workplace partnership. As previously discussed, the funds for the SGEC are provided from the HR line budget and are subject to certain strict conditions. The 'guarantee' in fact has no legal status and can be withdrawn at any time with thirty days' notice or when over half of the Employee Committee are or become union members (Gaffney and Gollan 2004). Thus, this could be seen as undermining the independent voice at the SGEC or as a union avoidance strategy to suppress union recognition (Gollan 2006).

Staff of the Council spoke about having the strength of confidentially giving independent advice and consultation, although they noted that sometimes employees questioned their role as part of Suncorp (and

funded by them) and wondered whether the information they were getting was what the organisation wanted them to hear. Therefore, an HR manager gave an example of a case which had gone external and what this showed about the SGEC:

One case that comes to mind is somebody who recently was on extended sick leave, was due to come back to work but really didn't want to work with her manager any more. But that was the only job that was available to her at the time, so she wanted to raise a grievance and concerns around her manager that she wanted investigated. In the end she wasn't particularly happy with the outcome and then got a lawyer involved to start negotiating particular outcomes. But internally to Suncorp, my experience is that the Employee Council can only provide support to a certain level. So if the Employee Council becomes aware that an external legal advisor has become involved, then they stop supporting the employee, just because in a way they work for the company. So there does end up getting a point where they're in a conflict, I suppose. They still work for us, so they do have to stop involvement at some point.

Conclusion

The case we have examined is an unusual case of partnership at a non-union workplace in Australia. Of course, definitional issues abound. Is this genuine partnership? Clearly, management retains the prerogative and the SGEC is financially dependent on Suncorp. Equally, there is a clear union avoidance motivation. However, we should also note that while the SGEC is a legally separate entity, it is entirely funded by the company, which may potentially jeopardise its actual and perceived independence as well as its ability to represent staff. But equally, both parties are conscious of maintaining a balance in that a management poodle would help neither.

Through division of ER responsibilities, SGEC collaborates with management, mainly through its HR delegates, in assisting employees on a regular basis. With the evolution of this enduring partnership over a couple of decades, SGEC and the management have established formal and informal employee information and consultation mechanisms, and

an enhanced level of employee voice. Apparently, so far, there is no formal joint decision-making arrangements established in this partnership at Suncorp; nonetheless, there have been records of changes in management decisions favourable to employees as a result of collective voice through SGEC, albeit informally, such as the case in relation to employment terms and conditions.

The Suncorp labour–management collaboration has also passed the assessment for workplace partnership along the critical dimension of mutual trust, contributed to a harmonious IR climate and achieved mutual gains for both employees and the organisation, for example, as a result of risk identification and mitigation. Mutual trust and positive IR climate contribute to organisational performance and employees' wellbeing (Holland et al. 2012; Townsend et al. 2014); however, these benefits are not directly measured within this study.

But partnership is by no means equal. As mentioned, the SGEC (and employees) so far has limited influence on overall organisational decision-making, although it has a degree of influence on the process of dispute resolution by individuals, or informally through the SGEC. The economic gains through risk identification and mitigation mostly go to the organisation, although there is a certain level of employee benefits involved.

The current Australian labour law, the Fair Work Act 2009, allows the FSU to resume its status of being a negotiation party for the enterprise agreement with Suncorp employees, which suggests the possibility of a role for unions in the future partnership relations or the establishment of a dual-channel employee voice arrangement, involving both SGEC and FSU in the case of Suncorp. This possible arrangement is interesting because, on the one hand, it permits the union to represent employees in collective bargaining for pay and basic terms and conditions, a scope beyond the power of the SGEC, while on the other hand, it allows the NER to play a complementary role in representing employees' interests and provides a channel of consultation and dispute resolution without necessarily developing an adversarial relationship with management. This is a workplace partnership structure similar to what evolved under the UK partnership model. Up till now, the SGEC focuses

on a non-adversarial relationship with management, which is typical of a works council approach, while it differs from many European works councils in not being able to draw on wider resources by linking informally with a union (Gollan and Xu 2014).

Clearly, contextual factors are important. Senior management were supportive, and the SGEC saw their role as adding value to the business while ensuring fairness and a voice. In some senses, this fits well with a stakeholder model of governance as well as with the concept of partnership. Overall, as a partnership case, it has been effective in increasing employee voice, building up mutual trust and maintaining a more cooperative labour–management relationship. The SGEC also appears to be an effective avenue for greater workplace consultation and more effective dispute resolution.

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Partnership in Practice in New Zealand: Improving Productivity in Fonterra's Whareroa Site

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Introduction

In the context analysis for New Zealand (Chap. 8), we provided a somewhat bleak picture of the environment for partnership. Suffice it to say that examples of sustained and successful workplace reform involving workplace partnership are not common. An important case that illustrates this is the Manufacturing Excellence (ME) programme introduced as a joint union–management initiative in one of New Zealand's largest dairy-processing plants, Fonterra's Whareroa site, near Hawera.¹

The Fonterra case is particularly interesting in the way it combines three strands of employment relations change that emerged in the 1980s. The

¹This case study is based on fieldwork undertaken in 2004 as part of a Department of Labour project.

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first is partnership proper—institutional power-sharing between employer and unions, beyond the traditional limits of collective bargaining—and the second is the search for improved performance in the New Zealand economy. Whilst they are not necessarily linked, they have often become so in New Zealand because of the particular conjuncture. New Zealand policy settings have highlighted the need for improved productivity outcomes since the 1980s. Perhaps inevitably, the advent of partnership thinking in the same period has brought the two strands together. If from a union perspective, partnership is presented as delivering improved outcomes for all parties, at both economy and employer levels, improved outcomes are often associated more explicitly with improved productivity performance. As a consequence, there is also a juxtaposition in New Zealand between partnership, improved outcomes (or productivity) and a third phenomenon—high-performance work systems, often taking the form of Lean initiatives (especially in the 2000s).

The relationship between these three strands produces a complex nomenclature in common usage in New Zealand generally, and in the Fonterra case particularly. In Fonterra, the shared vocabulary addressed performance, with the union side using the language of partnership on occasions. As we note below, the high-performance work system introduced to improve performance in Fonterra was consistent with both performance and partnership narratives. To confuse things further, nomenclatures were interchangeable, depending on the level of the participant. Partnership was less likely to be used as a term the nearer to the shop floor one progressed. It was current at the union leadership level, but not preferred. Words like ‘engagement’ and ‘jointness’ were used.

The Case Study Data Sources and Methodology

The case study was based on, first, a structured interview programme, undertaken in the Whareroa plant over 2 days in November 2004; second, a series of interviews and discussions with relevant Fonterra staff in subsequent weeks; third, the review of secondary materials gathered during the field trip to Whareroa and from elsewhere.

The Whareroa interviews were based on a preliminary interview schedule drawn up on the basis of informal discussions with Fonterra management and the New Zealand Dairy Workers Union (DWU) a review of existing secondary sources on ME and consideration of materials derived from the Department of Labour's workplace productivity activities. Formal interviews in Whareroa involved the senior site manager, two senior plant managers (cheese and whey) and 11 members of the DWU including the senior site delegate and two of the ME coaches. The management interviews were conducted one on one. The interviews with DWU were both one on one and in groups. Ten hours of formal interview were completed, with a further 5 hours of informal unstructured discussion. Discussions were also held with a senior Fonterra human resource (HR) manager, a senior DWU official and with four dairy workers from other sites in Fonterra. These discussions totalled approximately six contact hours. Stakeholder views (especially those of farmers) were canvassed using personal contacts in the farming community.

We begin the presentation of the case study by outlining the broader organisational context of Fonterra, including a brief background to the industrial relations climate in the late 1990s. We then focus on the geographical region of Hawera, where Fonterra's Whareroa site is located, to provide a brief historical and cultural overview of the significance of this site. We then describe the origins and ambitions of the ME programme, and explore how it affected operations at Whareroa's cheese and whey plants. Finally, we analyse the promises and pitfalls of this partnership programme by exploring the perspectives of managers, union representatives and employees. This case illustrates the contested nature of partnership practices, specifically in the New Zealand dairy industry context, but also more widely.

Background

In 2004, Fonterra represented approximately 95 % of dairy farmers and was (and still is) New Zealand's largest company. When a company contributes 8 % of national GDP and 22 % of total exports (as it did in 2004), performance matters. It matters even more when the company

operates under the critical gaze of 12,000 farmer stakeholders whose standard of living depends directly on the company's success in volatile global markets. This was the day-to-day reality faced by Fonterra staff. The New Zealand economy and its dairy farming community vested great expectations in Fonterra's performance. Formed in 2001, Fonterra Co-Operative Group brought together three competing dairy operations: the New Zealand Dairy Board, the New Zealand Dairy Group and Kiwi Co-operative Dairies. The stresses in this merger are well recognised, particularly as they affect managerial performance. At its inception, Fonterra was broadly structured in terms of two operations—New Zealand Milk and Fonterra Ingredients. By 2004, Fonterra Ingredients operated 26 manufacturing plants in New Zealand, producing a highly diversified range of dairy-based products for global markets.

In terms of the union movement, the DWU was the biggest presence in Fonterra. In 2004, the DWU had 770 members at Whareroa, including 36 delegates across shifts and departments. The Engineers, Printing and Manufacturing Union (EPMU) had about 55 members and were the next most significant union on the site. The Engineers have had a long history of engagement in partnership, commencing with the path-breaking Fisher and Paykel initiative in the 1980s. Both unions were founding members of the Centre for High Performance Work, a partnership initiative driven by the two unions, with some employer support.

In the 1980s, industrial relations in the dairy industry were marked by a number of disputes involving the DWU and dairy employers (Harvey 2009). These disputes were traditional confrontations about wages and conditions, conducted in increasingly confrontational style. They were an effect of a number of factors: a low-trust environment, external economic pressures, the widespread erosion of the long-standing award system and particular challenges to the dairy sector's business model. The culmination of these disputes came in 1989 when an estimated \$22 million of milk was 'spilled'; In some cases, milk was poured into holes in paddocks, and in other cases, milk went to waste as it was not processed due to lock-outs and other industrial action (Perry et al. 1995). Following this dispute and the subsequent award, dairy industry employers and unions tried to find a more collaborative and productive

approach to industrial relations. After researching international best practice (especially in the Australian dairy industry), a Memorandum of Understanding (MOU) was established between the DWU and the major dairy companies (Harvey 2009).

The MOU formally recognised the legitimacy and rights of each party, and each side acknowledged their mutual interests in developing the productivity of the industry (See Perry et al. 1995, for excerpts from the MOU). Throughout the 1990s, the parties worked in consultation to implement a number of changes to the working conditions and employment agreements in the dairy industry. For example, the DWU agreed to allow employers to increase flexibility in rostering practices, provided other worker rights were safeguarded in collective agreement contracts (Harvey 2009). Commitments were made to improving job security, training, consultation and job enrichment (Perry et al. 1995). The MOU also provided for the establishment of management–union consultative committees. The MOU, and the conversations around it, signalled an important shift in the way unions and management would relate to each other—a shift towards a consultative and collaborative approach, and away from a confrontational and contractual approach. This climate was critical in encouraging the then Chief Executive Officer (CEO) of Hawera-based Kiwi Dairies Co-Operative (Craig Norgate) to instigate discussions with the DWU about working together to improve workplace culture and performance (Harvey 2009).

Hawera: Gateway to Dairyland

Hawera is a small rural centre on the Taranaki coast, 4 hours by car from Wellington to the south and an hour from New Plymouth to the north. Dominating the town is Mt. Taranaki's perfect, if daunting, volcanic cone. In a great fan from its lower slopes spread rich grasslands, now fastidiously dairy farmed. This is heartland rural New Zealand, fiercely loyal to Taranaki's rugby side. Hawera had in 2001 a population of 10,944 and still displays streets of neat, well-maintained houses around a central commercial district dominated by the famous water tower. It looks tranquil, well cared for and prosperous. One reason for this appearance

of prosperity lies 2 km to the south of the town. Heading down SH3 in the direction of Wanganui, plumes of steam over the hedgerows signal industrial activity. Shortly, on the right appears the Big Cow, which marks the entrance to, first, Dairyland (an information complex devoted to the dairy industry) and, second, a kilometre along the side road, Fonterra's Whareroa operation. To the untutored eye, the size and sheer industrial quality of the site seem at odds with its pastoral location. Tall buildings and high gleaming stainless steel silos sit alongside the busy railway connection into the site. It was in 2004 reputed to be the biggest dairy factory complex in the world.

In the busy season, when milk production is at its height, 50 or more tanker and trailer units work round the clock, delivering in each load around 30,000 litres of milk from a wide catchment area across Taranaki and the Manawatu. The tankers are complemented by the famous milk train, delivering substantial volumes of milk to the plant. The laden tankers grind into the plant, are sanitised in huge vehicle washes and then dump their loads in 5 or 6 min into a huge cooler tank. Then begins the urgent industrial processing of the milk—urgent because the site cannot store the volume of milk that arrives, so it must be processed promptly. In a system reminiscent of an oil refinery, complex pipe systems move the milk into a milk treatment plant, where it is centrifuged to separate solids and liquid, prior to reconstitution in a variety of different proportions, each optimised for a subsequent production process. Some heads off to the cheese plant, some to the whey plant, the casein plant, the powder driers or the cream plant. Behind the plants lie vast storage sheds and cool stores from which road and rail links take the finished product to other Fonterra operations, to domestic purchasers for consumption or further processing, or to the ports for export.

There were in 2004 about 1000 staff on the Whareroa site. Production staff salaries commenced at entry level in the \$40,000–\$45,000 bracket. Established production staff could earn \$65,000 or more on the basis of 12-hour shifts on a 'four days on, four days off' model. Salaries and conditions were generally accepted by management and staff alike to be reasonable to good.

In 2004, Whareroa was a just-in-time production on an impressive scale. The site had its own power-generating unit to provide back-up

in case of power failures. Power failures that might halt processing were the biggest fear. Other threats included mechanical or electrical breakdown, or the importation of organisms such as *Listeria* into the plant. For management and staff alike, hygiene and problem anticipation were driving concerns. To understand this, consider this story from the cheese plant. This plant produced in 2004 on average around 410 metric tonnes of cheese a day using sophisticated industrial machinery. A 20 kg block of this output was exported to Japan, where inspection found a metallic particle of about 50 μm in the block. A particle of this size is undetectable to the human eye and is not an unusual product of normal wear and tear in machinery, yet could have had a significant adverse impact on the product's (and plant's) international reputation. Staff had to sustain precautionary standards that removed the risk of this type of unwanted presence. In the same plant, there were then some 4000 rubber seals, each of which was capable of shedding minute but detectable pieces of rubber. Again, precautionary measures had to be in place to prevent such shedding. Industrial processing of foodstuffs brought with it unremitting pressure to maintain quality control.

Whareroa Is Kiwi

Whareroa was the home base for Kiwi Co-Operative Dairies ('Kiwi'), originally consolidated in the 1970s from the many local dairy plants around the region into one industrial operation. In 2001, Kiwi merged with two other companies to become Fonterra. There was throughout the Whareroa site a palpable sense of pride in Kiwi. Isolation played a part in defining this identity. Staff had moved from Hawera to other locations with Fonterra; they appeared to move to Hawera much less frequently. One of the biggest challenges facing Whareroa was maintaining the supply of adequate staff to the site as local people sought opportunities elsewhere (and others saw few attractions in living in bucolic but remote Taranaki.) This was true for both management and production staff. Good working conditions and relatively high salaries offered an attractive package in terms of attracting and retaining production staff from the local labour market. Perhaps a bigger issue was attracting

and retaining management skills from outside the area. In this case, the seeming isolation of Hawera and the usual family-related issues of schools, opportunities for spouses and subsequent promotion possibilities, were important negative factors. Geographical isolation was a factor permanently built into staffing discussions in Whareroa.

There were other elements in this sense of pride. There is Taranaki regionalism. There was a sense of the smaller upstart organisation that forced itself on to the top table as an equal partner with Anchor and the Dairy Board. There was genuine pride in Craig Norgate, ex-Kiwi CEO and the first CEO of Fonterra.² Norgate came from Hawera, went to school with plant staff and is still remembered fondly for his openness in the company and his down-to-earth qualities as a 'Kiwi bloke'. Mention of his exit from Fonterra leads to dark mutterings even in 2015. Above all, there was a strong sense of the 'flatness' and openness of the Kiwi structure in comparison with the more 'corporate' traditions of the other two Fonterra companies. Staff on the Whareroa site understood that they now worked for Fonterra, but most casual conversations about the formation of Fonterra made some reference to the sense of identity and belonging associated with working for Kiwi. The contrasts drawn between the days of Kiwi and Fonterra were not always flattering. Interestingly, that sense endured through different styles of leadership in Kiwi, including phases in the past of more distanced and hierarchical senior management.

Whareroa, Productivity and the 'Manufacturing Excellence' Programme

In the late 1990s, guided by an emerging mutual interest in improving company performance and productivity, the DWU union secretary Ray Potroz and Kiwi CEO Craig Norgate considered the possibility of partnering together to deliver a high-performance work system in the Whareroa plant (Harvey 2009). The DWU plant leadership takes great pride in the proactive role of the union around performance issues. It argues that the DWU pushed the need for strategic thinking about the relationship between pay and conditions and performance, based on

² Sadly, Craig Norgate died in 2015 and was farewelled fondly in Hawera.

the observation of international experience, an emerging intellectual and organisational commitment to partnership, and knowledge of the TRACC model. From the DWU perspective, management came to see the advantages in the DWU approach and came to share the 'common purpose' at the heart of DWU thinking. Craig Norgate was given special status in the achievement of this merging of aspirations. He supported the partnership model and was praised for his openness to the DWU.

Potroz invited an Australian consultancy firm, Workplace Solutions, to implement a commercial product (TRACC), commercialised by a South African company called Competitive Capabilities International (CCI). Kiwi purchased a licence from CCI in 2000 and implemented the programme in partnership with the DWU and the EPMU (Cochrane et al. 2005a). The union's intention was to improve worker autonomy, upskill members and improve the organisation's performance in order to protect members' jobs (Cochrane et al. 2005b). TRACC would come to be called Manufacturing Excellence (ME) once Fonterra was formed (and later would again be renamed 'Operational Excellence').

ME is a model of continuous improvement based on comprehensive staff involvement in the improvement process. It is a variant of lean production and is built around five 'Foundation Toolkits' designed around best practice appropriate to an organisation's business and production processes and market requirements. Best practice is modelled as a five-stage sequence from 'no best practice' (Stage 1) to 'world class' (Stage 5). Workplaces embodying a Stage 5 practice would be entirely based on autonomous team-based units, requiring very little management input (Cochrane et al. 2005b). The sequence permits 'an organisation to pursue the road to excellence in manageable stages, rather than be overwhelmed by the enormity of the task'. The toolkits consist of four key elements:

- A map: a planning tool for implementation, offering an overview of best practice and its implementation;
- a manual: a detailed step-by-step guide to assist organisations to implement best practice;
- training workshops and modules: to develop the skills and knowledge of the workforce in relation to the implementation of best practice; and
- specialist workshops: to provide functional specialists with appropriate practical expertise.

Much of the TRACC model is standard fare in high-performance workplace thinking (i.e. improving quality and productivity through worker involvement strategies such as teamwork, worker discretion, continuous improvement, shop-floor involvement, etc.). However, the Australian consulting company delivering TRACC in Whareroa placed particular emphasis on the stakeholder dimensions of the model and, in particular, favoured trade union involvement (partnership) in order to gain worker participation. This explains DWU's interest in the model and the prominence of trade union activity in its implementation (Cochrane et al. 2004).

DWU representatives at Whareroa offered in their interviews a convincing (and highly competent) introduction to ME in practice. They described the strategic role of the National JWP and its mirroring at 'hub' level (e.g. in the site JWP at Whareroa). At the site level, a steering group was created, involving members of the site JWP and the ME 'coaches'. Under the JWP and the Site Steering Group rested the Departmental Task Forces across the site, each responsible for the delivery of ME across standard areas (e.g. Health and Safety, teamwork, workplace organisation and performance measurement). Engagement took place in these areas, with a strong emphasis on outcomes that promote partnership and avoid clashes between ME outcomes and management decision-making.

There was a strong emphasis in delegate rhetoric on 'jointness' in the achievement of commercial goals. Jointness was understood in terms of a new, different management process (not hierarchical or top-down), based upon the pooling of knowledge and experience by all staff. The DWU leadership in Whareroa believed that ME's success was based on substantive power-sharing between management and organised labour and talked convincingly of excellence in performance based on involvement and empowerment.

The ME coaches (employees trained in the delivery of best practice toolkits and involved in extending involvement in ME across the plant) played an important role in ME's development in Whareroa, a role supported by DWU commitment to ME. There were, in 2004, five full-time ME coaches, either in place or in training, and one full-time adviser (potentially costing up to \$400,000 in salary costs). DWU site leadership

contrasted the strong development of ME in Whareroa with its roll-out in another 11 Fonterra plants, where levels of management and union commitment were perhaps less.

Measurement was central to the ME model. In theory, ME attempted to give responsibility and understanding of the importance of measurement to staff so that they were conscious of its importance and thought positively about measurable improvements. This is a striking aspect of ME—the extent to which tools often traditionally seen to be the ‘property’ of management were meant to be shared widely with staff so that they understood more clearly the outcomes of positive (and negative) practices in the production process. When tied to a shared understanding of the benefits accruing to improved performance, performance measurement became a valuable motivation factor. The extent to which this power and information was actually shared at Whareroa is a point we will return to later.

ME is associated with a tradition of skill development. The rhetoric and practice of ME emphasises problem-solving and creativity in the staff. It claims to address job enrichment and enlargement and increased workplace responsibilities. However, questions have been raised about the narrow and prescriptive skills that were offered as part of the ‘pre-packaged’ ME programme, limiting the extent to which workers could tailor the programme to suit their working context (Cochrane et al. 2005a, 2005b).

ME was implemented in two pilots at the cheese and whey plants at Whareroa as both locations were dealing with serious quality issues (Harvey 2009). ME was later extended in measured fashion throughout the Fonterra network, a fact that was proudly recognised within Whareroa.

The Cheese Plant

By 2004, the ME programme had been underway in the cheese plant for around 5 years and was its most developed manifestation at Whareroa. The plant occupied a relatively modest space, internally divided into four major spaces, a control room and some ancillary rooms for staff breaks, meetings,

managers and so on. Despite this seemingly modest space, the plant had global significance in that it was one of the biggest in the world using modern technology. The machinery had a formal 15-year lifetime, but could work for much longer. It is probable that the plant represented the last use of this technology as a new generation of technology was in the offing.

Three of the spaces were devoted to large-scale, fully automated hard cheese (cheddar, colby, edam, etc.) production. Standardised and pasteurised milk entered and was treated to separate the curds from whey. The whey was taken away for further processing. The curds were further processed and then compressed into 20 kg blocks, which emerged from the end of the process in an impressive stream of concentrated protein. Wrapped, they were taken off to coolrooms for storage prior to distribution from the plant. About 40,000 metric tonnes of cheese emerged from this line annually.

The fourth space was devoted to the production of mozzarella (about 42,000 metric tonnes annually). Milk entered, curds were formed, but processing took a different, more visible form as the hot-packed mozzarella processed in ranks of 10 kg blocks through a long, water-filled cooling tank before passing through to the coolrooms. The plant produced around three times New Zealand's annual cheese consumption. Most of the product is destined for overseas markets like the USA, Japan and Australia.

First impressions of the plant were of the level of automation and the lack of visible staff. The plant ran for 10 months of the year at varying capacity, defined by the seasonal volumes of milk. During the high season, the plant ran 20 h on and 4 h off on a batch production basis. Tanks enclosing the same process were sequenced to allow steady production and important downtime for cleaning and minor maintenance. Major maintenance was carried out in the 2-month period every year when milk supplies stop. Staff numbered 113, 97 of whom were permanent appointments in the cheese plant, 16 of whom were temporary or drawn from the site's central labour pool.³ There were approximately 26 staff on duty in a shift. Very few of the jobs were 'simple', though there were some positions involved in the transition from packing to coolroom that

³Not all temporaries come from the site's central labour pool. The collective agreement allows Fonterra Ingredients to employ up to 5 % of all staff as temporary workers per year overall and up to 10 % per site. Whareroa runs at just under the 5 %.

appeared to have limited opportunities for enrichment. Managers pointed out that these types of position had been reduced in number by the introduction of more automation. Most of the staff moved between a range of tasks, primarily involving the monitoring of the production process. Monitoring was vital as it lay at the heart of quality control and, as noted above, quality failures rebounded harshly in the market. Quality concerns were driven by many factors—health and safety requirements, market expectations, be they kosher or Japanese, the avoidance of foreign bodies in the product, the avoidance of threats from *Listeria*, *Escherichia coli* (*E. coli*) and *Salmonella*, to name the most obvious. Equally, monitoring helped to identify production problems before they caused revenue-losing downturn. The fear of downtime—particularly from mechanical failure and power cuts—haunted plant staff.

In 2000, average output per day during operation was 340 metric tonnes. In 2004, it was 405 metric tonnes, expected to rise to 410 metric tonnes in 2005. This was a 20 % increase over 4 years in a relatively unchanged technological environment. What had been the primary causes of improved productivity in the cheese plant? Managers suggested that three factors have contributed directly: changes in the composition of the input milk, the running of the plant at optimum capacity and the reduction of costly downtime. Apart from the milk input factor, improved output was associated with changed working behaviours that had improved capacity usage and reduced downtime. For the cheese plant manager, improved working behaviours followed the breaking of mental barriers, a process that increased effort and, perhaps more importantly, anticipatory problem-solving. For him, ME was central to productivity improvement. Shifts in plant culture and deepened knowledge about the production process itself, and where it fits in the overall performance of Fonterra, were key effects of ME that contribute to productivity improvement.

The Whey Plant

As its name suggests, the whey plant processed the whey from which the curds had been taken to make cheese. It processed about 3 million litres of whey daily, with storage capacity for 600,000 litres. Whey is a cloudy

liquid able to be processed into a range of protein concentrates and similar products. The plant's 65 staff primarily processed three products. The first was a whey protein concentrate used as a food ingredient, especially in baby foods. This is a high-volume product which is 80 % protein. The second product was a whey protein concentrate (90 % protein). This is a high-value product used in, for example, body-building formulae. The third product was alamin, a high calcium content product.

ME was introduced into the whey plant in early 2002. Between 2001 and 2004, yields were up between 8 and 10 % as a result of a series of process improvements. The plant manager estimated that about 50 % of improved yields were a result of ME. The improvements were primarily around marginal but important shifts in protein content (a maximisation of components), made possible in part by more precise control of processing.

The whey plant manager talked positively about the cooperative relations between managers and staff promoted by ME. Top-down management was substantially replaced by engagement in the workplace that promoted improved yields. Instead of the manager having to push staff for improved yields, staff understanding of the importance of improved yields and ways of achieving those yields was widespread. Particular advantages of ME related to employee attitudes, the prevalent work ethic, problem-solving rather than adversarialism and a growing sense of positive-sum outcomes. Staff had a better sense of why they were in the plant and appeared to enjoy an increased sense of job security. These advantages occurred without a palpable loss of power or status by managers, perhaps underpinned by traditional positive staff responses.

Analysing ME

Manager Perspectives

Managing a project like ME was a challenge for managers, who appeared to think deeply about the project. Managers suggested that initiatives like ME may be risky. Some of their concerns were that the outcomes might be different (i.e. negative) from those expected, that a large amount of

effort might be invested into the initiative which might turn out to be a short-lived fad and that the success of a programme in one operation might not guarantee its longevity across the whole company. Some managers struggled to let go some of their control and to listen to and collaborate with workers (Harvey 2009). Once on board, managers then faced the task of making a strong contribution to the programme. In particular, the momentum of the programme had to be sustained. Its transition from a novel scheme to 'business as usual' had to be promoted. And there were ways in which the programme could be improved.

There were also more prosaic issues associated with maintaining the programme's impetus. Staff working the '4 days on/4 days off' shift pattern, and who often lived some distance from the plant, found it grueling to sustain engagement with the programme. Meetings, training and broader involvement became difficult, particularly when, during shift time, staff were fully engaged in their various responsibilities and were under pressure to meet certain production targets (Harvey 2009). This created a serious challenge for the sustainability of the programme.

According to union delegates, some middle managers remained to be convinced about ME and the partnership model. The delegates saw managers in terms of various subgroups, for example: the committed (fully on board with partnership), those who thought they were on board but were not and those who were clearly sceptical. The second category was interesting, for these were, in the union's eyes, managers who used the rhetoric of partnership but did not practice it. They were seen to leave the driving forward of partnership to their teams (thus by default empowering the teams). The delegates also recognised quite contentedly that some managers used ME as a springboard for promotion in the Fonterra system. Site union leaders seemed to subscribe, quite logically, to a notion of continuous improvement by managers as they learnt about partnership and developed relevant skills.

For DWU site leaders, the attitude of Fonterra senior management to ME was perhaps more important than the performance of local managers. Despite the presence in Fonterra's senior management team of pro-ME attitudes (and a confidence in Fonterra's HR team's commitment to partnership), concerns remained about top-level support, particularly following what was widely believed to have been the 'rolling' of Norgate.

DWU site leaders understood with clarity that top-level support for partnership was vital if the management team as a whole was to be positively involved. The DWU noticed a waning in support from senior management when key managers who supported ME left Fonterra and were replaced by new hires who did not share the history of ME or knowledge of the mutual benefits of partnership (Harvey 2009).

Union and Employee Perspectives

The DWU site leadership manifested a clear sense of identity and purpose. They particularly emphasised their role as a strong, vocal and independent union whose purpose was to represent member interests. Some union members raised concerns that partnering with management might compromise their independence and strength, while others believed it would extend and strengthen the union's voice and influence in the workplace. Nevertheless, notions of partnership and continuous improvement figured strongly in their basic vocabulary. However, it is interesting to note that senior leadership in the DWU did not favour the use of 'partnership' to describe ME. Strong cooperation around ME existed alongside strong differences between the DWU and the employer on other issues. Mature, constructive engagement was a term offered in place of partnership.

Site union leaders speculated about how Norgate sold the partnership model to his managers and to the farming community. They recognised that some managers were not committed to the process and would not provide necessary cooperation and leadership. Equally, the dairy farming community was expected to view bleakly behaviour and settlements in the processing system perceived to be overly generous. The DWU leadership actively considered the issue of farmer concern and argued that one reason for their acceptance of 0 % pay rise (but changed terms and conditions) in 1998 was in part a tactical move to placate potential farmer opposition.

On the one hand, the DWU believed a number of benefits have arisen as a result of the ME programme. Alongside significant productivity improvements, joint union–management steering groups were formed,

many delegates and workers were upskilled, and working conditions were improved, empowering workers to redesign frustrating elements of work organisation (Harvey 2009).

On the other hand, union leaders raised a number of concerns about how the reality of ME differed from its rhetoric. While in theory the rewards of the productivity gains resulting from ME were to be shared with workers, there was no agreement about how this would happen. Indeed, Fonterra was reluctant to share with the DWU information about the cost savings and financial gains that were made as a result of the partnership (Harvey 2009). No agreed-upon measure of improvement was negotiated with the DWU, inhibiting the union's ability to monitor the progress of ME. As such, some workers felt discontented with—and disengaged from—the programme. In hindsight, the DWU admitted they should have gained an early agreement to link performance improvements resulting from ME to sharing material gains with workers (Harvey 2009). In addition, the spirit of partnership and involvement was contradicted (and some say eroded) by the raft of management-driven cost-cutting strategies and major company restructurings that took place as a result of changing global economic conditions (Harvey 2009). For example, in one (non-Whareroa) plant, workers actively engaged in the ME programme, resulting in large productivity gains, only to find that this operation was eventually offshored (Harvey 2009). Such an experience serves as a reminder to workers and unions that partnership practices may fall victim to broader economic pressures.

Site union leaders were under no illusion about the uncertainty associated with ME. This was not simply about some managers resisting the message of continuous improvement. Some union representatives from Whareroa talked of ME as 'a dot in the whole process', isolated in a small number of plants. They believed that ME was opposed by managers and employees (or both) at other plants. They kept an eye on the impact of partnership in Whareroa on internal union discussions. When pushed, some site union representatives reflected a strong feeling that they were doing the hard yards, with little reciprocity from management. Some union leaders believed that Fonterra management had ultimately gained control of the ME agenda, using it to suit their interests rather than as a mutually beneficial joint initiative (Harvey 2009). Managers in

Whareroa would dispute this view, some strongly, but it was understandable when expressed by union representatives who appeared to have made a strong personal commitment to partnership, in terms of intellectual and political energy.

Union concerns expressed in Whareroa were borne out by commentaries from Fonterra plants not yet on the ME wavelength. DWU members from other plants sometimes talked disparagingly of the Whareroa process. They sometimes felt themselves to be hectored about ME and have a 'Oh God, not Manufacturing Excellence again' response. Where it existed, this negative response was fuelled by a number of reasons. One was a basic mistrust of partnership (and, therefore, an implicit criticism of union leaders who promoted the approach). Another was an aversion to the 'cult of personality' believed to have grown up round key union leaders supporting ME. This aversion reflected the view that ME was not the only example of successful engagement in Fonterra. Also, the successful roll-out of ME in other Fonterra plants suggested to some that Whareroa's status in the ME process was not unique. Yet another response captured the clash of cultures across the constituent parts of Fonterra. Finally, there was an age aspect. Some older, non-Whareroa Fonterra staff saw ME as another fad (of many that they had experienced), which had sucked in younger, naïve union members (or worse, had allowed unscrupulous and ambitious union members to further their careers). It matters little if these criticisms were accurate. They reflected a likely set of responses to any partnership initiative that need to be navigated.

In 2002–2003, researchers based at the University of Waikato performed a series of focus groups and distributed postal surveys to DWU members involved in the Whareroa ME programme (see Cochrane et al. 2004; Cochrane et al. 2005). The findings of this research reveal mixed experiences of and attitudes towards ME. On the one hand, many workers supported the idea of ME (and believed the union should be involved in promoting ME) because it might result in improved job security, improved training and skill development, a safer overall work environment, and benefits for the broader community (such as workers being more involved in community groups). On the other hand, the majority of respondents felt they still had limited involvement in decision-making—and that those who were more involved, tended to

be higher-level employees. Respondents felt that the programme could have been better resourced and implemented, and were frustrated that it did not reach its full potential as a result. Echoing union concerns, while the majority felt that ME had resulted in productivity gains, most workers had not received an increase in remuneration or other material rewards.

DWU leaders admitted that they were not 'blameless' in the shortcomings of the ME programme (Harvey 2009, p. 22). They acknowledged that the union needed to do a better job of supporting and equipping delegates to respond to the complex challenges of leading partnership changes on site. In addition, the union admitted that they had not continued to invest in the strength of their relationship with management, especially as managers left and new ones arrived. Finally, the union accepted the criticism that they did not adequately communicate the benefits of partnership to their members, which was necessary to build worker confidence in the programme (Harvey 2009).

Summary

ME at Whareroa emerged in a particular context and as a result of a particular constellation of relationships. The original context was the relatively flat and open structure of Kiwi Co-Operative Dairies, a successful, forward-looking industrial processor of milk facing the imminent challenges of domestic and international competition. Whareroa was an integrated site, located in a community which functioned on the basis of strong social networks. Many staff identified with Kiwi, the site and the wider community. The relationships began with the interaction of leaders from management and unions. These leaders shared a view of the challenges facing Kiwi (later Fonterra) and an openness to a partnership approach to these challenges. The leadership was able to extend the idea of partnership into the thinking of their different constituencies (to greater or lesser extent). Strong union leadership was central to the success of the Whareroa model. It gave management confidence that the union was on board and could stimulate member involvement in the process. Likewise, an open and progressive

approach to partnership and productivity amongst senior Kiwi management was also important.

The Whareroa case demonstrates the potential benefits of partnership, as well as the all-too-real pitfalls. Supporters would argue that ME resulted in improved productivity and performance for the company, improved visibility and influence of the union, which may have strengthened worker rights in collective employment agreements, and some workers have benefitted in terms of upskilling, involvement, and quality of work. At the same time, and despite best intentions, this case also highlights how partnership involves a precarious struggle for power and control amongst all of the actors involved that may, at times, undermine the ethos of partnership.

The Aftermath

It is fair to say that the enthusiasm shown for ‘jointness’ in the early 2000s has not been sustained to 2015. The reasons for its erosion lie, first, in changing management priorities and, second, in consequent shifts in union perspective. In the intervening period, the pressure on Fonterra to perform for its key stakeholders—the farmers in the cooperative and the New Zealand economy more generally—has resulted in a management retreat to more traditional employment relations (in terms of both collective bargaining and a one-sided, management-driven approach to performance). Undoubtedly, the appointment to Fonterra’s CEO position of managers with a strong grounding in commodity markets has reduced the emphasis on ‘jointness’ seen in Craig Norgate. Difficult bargaining in 2015 has been accompanied by news of major redundancies, indicative of a commodity price-driven, cost-cutting mentality. That said, DWU contacts also accept that remnants of ‘jointness’ continue to allow, on occasions, effective problem-solving. The Fonterra case illustrates a key aspect of New Zealand’s experience of partnership. It prospers when senior management actively offers support. When such support is lacking, or fails, partnership fails. A sober assessment of the Fonterra case might conclude that the success or failure of partnership depends less on jointness and more on management commitment.

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