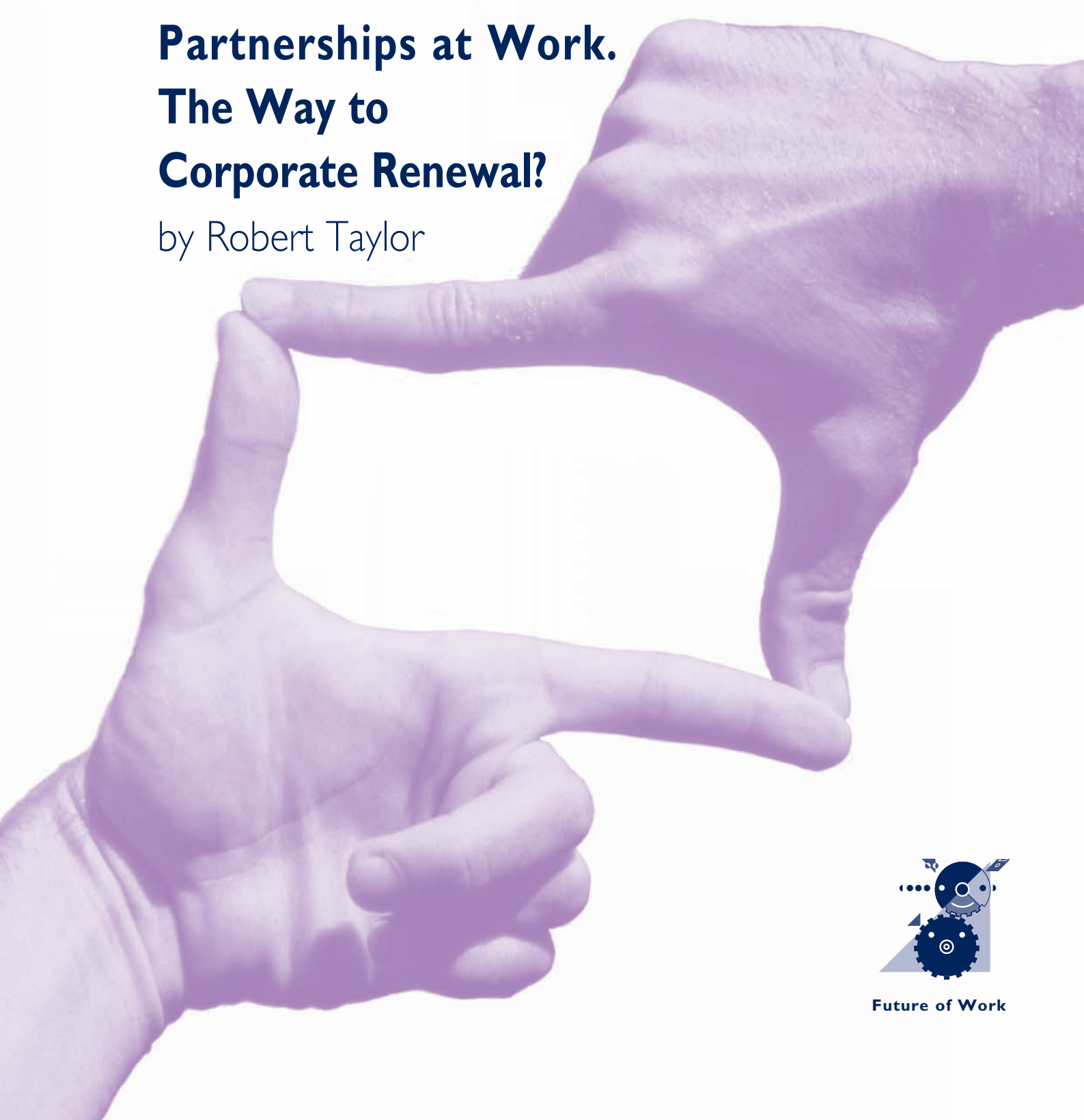


An ESRC Future of Work Programme Seminar Series



# Partnerships at Work. The Way to Corporate Renewal?

by Robert Taylor



Future of Work

# Contents

Raising the productivity of paid employment in the UK has been a concern of successive governments. Productivity deals dominated the 1960s and 1970s, monetarism and the threat of unemployment was the prescribed cure in the 1980s. The current government has emphasised the importance of developing fairness and partnership at work. This report examines the effects and potential of this approach.

Page No.	2	Foreword	by Professor Peter Nolan - Programme Director
	4	Commentary	by Rita Donaghy - Chairman of the Advisory, Conciliation and Arbitration Service (ACAS)
	6	Partnership at Work The Way to Corporate Renewal?	by Robert Taylor - Media Fellow on the ESRC Future of Work Programme

## Future of Work Commentary Series:

Publication One - The Future of Employment Relations

Publication Two - The Future of Work-Life Balance

Publication Three - Britain's World of Work - Myths and Realities

Publication Four - Diversity in Britain's Labour Market

Publication Five - Managing Workplace Change

Publication Six - Skills and Innovation in Modern Workplaces

# Foreword



PARTNERSHIP IN BRITAIN, AS THIS IMPORTANT NEW REPORT BY ROBERT TAYLOR REVEALS, has a long if chequered history in this country. For too long many policy-makers, practitioners and some academics have traded on assertions about the entrenched adversarial character of UK industrial relations. In making such assertions, caution and history are cast aside to make way for partisan and often self-serving statements that fail to make contact with the complexities of employment relations in different firms, industries and sectors over the past century.

The ESRC Future of Work Programme was launched in 1998 to investigate, among other things, the recent history and changing patterns of employment relations in the UK. The Programme has supported the activities of 100 researchers at 22 leading UK universities and has produced an evidence base for too long lacking in the UK. The evidence base casts new light on the future possibilities for the management of the employment relationship. The impact of organisational changes on business performance, the initiatives by employers, employees and their representatives to address perceived (and real) difficulties in the management of work-life balance, and the future character of labour markets in Britain and elsewhere have been key focal points.

The results of this substantial enterprise - the first for decades in the UK - will take some time to be fully absorbed by policy makers and practitioners. Academics will continue to sift the data that has been generated and confront established wisdoms as a step towards conceptual refinement and theory development.

Few areas are more controversial than that of the contemporary debate in the UK about partnership at work. Is it possible to establish sustainable mutually cooperative employment relations that will aid the much needed improvement of management practices in UK based businesses, lift labour productivity in line with the performance of other European countries and give employees a stake in the decisions that affect their working lives?

The detractors of the concept of partnership argue that in a conflict ridden society this is not possible, but this assertion - as Robert Taylor exposes - reveals a limited reading of history. Some representatives of business have revived in recent weeks the old incantations of the past. The sharing of responsibility for change and modernisation of organisations is bad for business. Trade Unions, now reviving in many workplaces, are said to be wreckers.

This inflated language, so common in the beer saloons in the 1960s and 1970s, is detached from the reality of the important changes that have taken place in workplace relations. Blaming trade unions, and worker voice, for the failings of British management over many decades does not move the debate forward.

The history of British employment relations has been far more complex than the claims of a new generation of employers who invoke images of continuous class warfare. UK industrial relations have not been ubiquitously adversarial. As Robert Taylor indicates, major employers - admittedly not all employers - saw the benefits of working with their employees to achieve the prize of industrial success. To take one notable example, Chairs to promote research into the conditions of industrial peace were established at Leeds, Cambridge and Cardiff by Montague Burton in the late 1920s, and gave enormous impetus to the study of industrial relations, long before the subject achieved prominence in the 1960s and 1970s. Burton's endowments reflected his belief that reducing the sources of conflict would benefit both employees and employers. His vision was not shared by all employers, nor was the partnership approach always successfully practiced in the giant factories that sourced the chain of Burton outlets that became a feature of every major shopping centre in the second half of the twentieth century.

Partnership, as any student of industrial relations would concede, is difficult to define as a concept and even more difficult to embed in organisations. But Robert Taylor's report, that draws upon the new research from the Future of Work programme, reveals that it is a concept that has resonance in many European organisations and could contribute to the modernisation of British industry. Robert Taylor does not subscribe to a simplistic formula for partnership, nor does he argue that it is achievable in all workplace situations. But drawing upon his rich international experiences (from European and Scandinavian countries), he sets out an agenda for change that should capture the imagination of the more imaginative and forward looking employers and practitioners in the UK. Revisiting the writings of Burton would not be a bad start. Clearer attention to the contemporary research base on the Future of Work might help steer the policy debate in more constructive directions.

*Few areas are more controversial than that of the contemporary debate in the UK about partnership at work.*

**Professor Peter Nolan** Montague Burton Professor of Industrial Relations  
Director, ESRC Future of Work Programme

# Commentary

**by Rita Donaghy** Chairman of the Advisory, Conciliation and Arbitration Service (ACAS)



ROBERT TAYLOR HAS DONE AN EXCELLENT JOB in reviewing the discussion and debate in a critical area that the ESRC's Future of Work programme is illuminating. The background is filled in as lucidly as ever. There is the very valuable summary of the research. There are the appropriate references to international comparisons. Most importantly, there is the attention drawn to the significance of the topic - surely few of us would disagree with the proposition that the management of the employment relations involves co-operation as well as conflict.

He also draws attention to the ways in which terms such as 'partnership' can so easily become devalued. Some Acas senior advisers have been saying for years that it would end like this. Much better, they have argued, to stay with terms such as 'joint working' or 'working together'. These may not suggest radical change. But that's the point. The principles of 'partnership', if not the label, have an enduring significance for the reasons this report expounds so clearly.

Looking to the future, Acas sees the Information and Consultation of Employees Regulations coming into force next April as a major opportunity to promote these principles. It is also investing considerable resources in doing so. It has organised round tables and workshops across the country to discuss the practical implications. Its 'good practice' advice prepared in collaboration with the DTI, CBI and TUC to help employers, employee representatives and employees to reach agreements in the light of the Regulations is already available on [www.acas.org](http://www.acas.org). Also available shortly on this website will be a package of training materials designed to help in introducing and maintaining effective arrangements, which has been funded by the European Commission following a successful application mandated by the CBI and TUC. Employers can even have a free of charge "health-check" visit from an Acas adviser to talk over the impact of the

Regulations - they have only to telephone the Acas Helpline (08457 47 47 47) for further information.

The clear message from our round tables and seminars is that effective information and consultation arrangements cannot be guaranteed, however. Very often the focus has not so much been on the ways in which everyone can benefit from the flexibility the Regulations give to reach agreements. For many managers, it has been on what has to be done to comply with the Regulations - some even say they would prefer to have further and more detailed provisions that told them what they had to do. Many trade union officials also see the Regulations as a threat rather than opportunity. All of us - and here I agree with this report that the Government has a critical role to play - will have to work hard to make sure that the opportunity is not wasted. There is also certainly unlikely to be one like it in our life-time.

This is the seventh of these publications. I think I speak for fellow practitioners in saying that this has been a marvellous initiative, for which Peter Nolan is to be warmly congratulated. Too often these days the results of research are totally impenetrable to all but a small group of like-minded aficionados - trying to read some of the articles in our most learned journals can give you a headache, especially if the author's facility with language doesn't match their econometric expertise. I very much hope the ESRC and other funding bodies will draw the obvious conclusion - a summary report for practitioners should be a requirement of the award of a grant.

*The principles of 'partnership', if not the label, have an enduring significance for the reasons this report expounds so clearly.*

# Partnership at Work The Way to Corporate Renewal

by Robert Taylor



## Partnerships in Context

PARTNERSHIP INSIDE THE WORKPLACE BETWEEN EMPLOYERS AND THEIR EMPLOYEES is a concept that continues to arouse widespread public controversy in Britain. Many private sector companies seem to fear that it implies, at least in practice, the unacceptable assertion of worker and trade union power and that this would threaten their independence in decision-making and above all challenges the effectiveness of corporate performance. At the same time, a growing number of trade union leaders are now openly critical of partnerships at work. At worst, they regard many of them as a modern form of labour exploitation that accepts an employer's unilateral domination over the way that work is organised and at best means class collaboration through the negotiation of so-called sweet-heart agreements that undermine worker rights and benefits. The partnership approach is also viewed by some union leaders as a rhetorical device which is designed to weaken workplace trade unionism and incorporate full-time union officials and lay representatives inside the power structure of companies and thereby helping to dilute still further traditional and well-worn methods of collective bargaining and joint consultation.

The critics of partnership at work in Britain have certainly grown more widespread and influential in recent years. Their attacks have begun to exercise a significant influence over the attitude of public policy-makers towards the concept. Partnership has never been without its opponents who see it as an inappropriate means for developing new forms of industrial relations. Now it is finding it difficult to remain on any public policy agenda at all.

*The critics of partnership at work in Britain have certainly grown more widespread and influential in recent years.*

There can be no doubt that the current hostile attitude runs in harmony with deeper and fundamental reservations and doubts about the development of any cooperative relationship inside companies that is based on partnership principles between employers and employees. In what has amounted to a powerful ideological counter-offensive, the enemies of partnership at work are able to draw with some effect on Britain's so-called voluntarist tradition of industrial relations. Partnership - they argue - lacks much credible legitimacy in this country because it conflicts with existing workplace practice and ideology. In the past, the relationship between labour and capital may not have been continually adversarial but at least it was usually based on a negotiated accommodation and compromise centred around a rather narrow collective bargaining agenda that established formal or informal rules and procedures to manage workplace behaviour and assert job control. The autonomy of mutual if divergent interests between capital and labour was recognised through voluntary negotiation outside any legal framework. Britain prospered without the need for an enforceable statutory labour code of conduct or the creation of formalised structures and organisations that were underpinned by an intrusive central government. With these practices, the country reflected both the dominance of laissez-faire ideas of economic individualism in a predominantly open market economy and the existence of a legal system that was based primarily on the common law tradition. By contrast over much of continental Europe it was the concept of social citizenship for workers, complete with defined rights and obligations, that shaped workplace relationships. This tendency drew on both the competing philosophies of Socialism and Roman Catholicism and it was in line with the practice of Roman-based law.

Of course, the reality was always much more complex than such a sweeping generalisation might suggest both in Britain and continental Europe. An activist state was never entirely absent from the making of Britain's own industrial relations system. In important areas, for example, such as low wages, health and safety and the length of the working week, minimum statutory regulation was often detailed and substantial in its impact, especially for women and younger workers. Moreover, from the 1890s governments of all political parties were also keen to encourage workers to join trade unions and practise collective bargaining in the public sector and where they were employed on public contracts in private sector companies. Words such as tripartism and Whitleyism reflected this positive approach from national governments which was close in spirit and substance, if not in language, to our contemporary notion of partnership at work. So often the lexicon of British employment relations has achieved an importance that it does not merit and this has affected the way employers and trade unions have responded over time.

Thirty years ago the concept of industrial democracy gained a surprising degree of political bipartisan support. Even the Conservatives seriously developed ideas on how to introduce and extend worker participation in Britain's workplaces consistent with European Union intentions at that time. As the 1978 Labour government's White Paper on industrial democracy explained with enormous confidence in its opening chapter; 'There is growing recognition that those of us who do so should be able to participate in decisions which can vitally affect our working lives and our jobs. This development is no longer a question of 'if' but 'when and how' (1). Some would argue that the origins of partnership at work can be traced in Britain even further back in time to the 1920s when the Mond-Turner talks between employers and the Trades Union Congress sought unsuccessfully to establish an agreed cooperative agenda between capital and labour in order to advance industrial modernization. It was in the same period that the philanthropic businessman Montagu Burton established academic chairs in industrial relations at three leading universities that were dedicated to the objective of establishing workplace peace.

This is the seventh report under the auspices of the Economic and Social Research Council's Future of Work programme. Its purpose is to examine the strategic importance of partnership in the new world of work. It draws not only on material taken from various research projects under the auspices of the programme but it has also drawn upon relevant contemporary evidence from other sources, most notably from some of the trade unions that have negotiated partnerships with companies.

Its central assertion is that we are in serious danger of misunderstanding the nature of partnership at work if we fail to recognise that its existence and further advance have to be assessed within the wider context of the way in which modern companies behave and organise themselves in a rapidly changing political economy. Other reports in this series have argued that a broad and comprehensive agenda of workplace reform and renewal ought to lie at the heart of any credible and effective modernization strategy that seeks to solve both the country's comparative productivity problem and the continuing lack of effective representative employee voice inside most enterprises when compared with Britain's main competitors. Partnership can be seen as one of the most effective organisational means for the furthering of those crucial objectives.

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*Partnership at work - properly defined and encouraged - can provide us with an important means for moving forward to the urgent creation of high performance workplaces.*

The report will also argue that we need to move beyond the current focus of the public debate over the rights and wrongs of partnership at work and examine how public policy-makers, employers and trade unions intend to encourage the creation of many more high performance workplaces and innovative companies in Britain that can compete effectively on global product markets. It will suggest that a closer strategic alliance between companies and their employees and trade unions is of vital importance if we want to turn the well-meaning rhetoric of partnership into a practical and successful reality across the country's workplaces.

In May 1997 the Labour government came to office with a firm commitment to encourage partnership at work. The concept was seen by the Prime Minister as a sensible and progressive way to modernize the world of work and a credible means for breaking away from the kind of aggressive trade unionism that had proved so unpopular and destructive during the 1970s, not least to the trade unions themselves. The Department of Trade and Industry established a Partnership Fund that aimed to encourage such developments in the private sector. In the National Health Service and in areas of local government, negotiated partnership agreements have sought to further the reform agenda with the cooperation of employees and trade unions. But at the moment the Treasury, 10 Downing Street's policy unit as well as the Department of Trade and Industry are tending to downgrade this crucial workplace issue in response to opposition. But in doing so, policy-makers are continuing to avert their official gaze from the complex realities that lie behind the dynamic of workplace change and fail to recognise the increasingly strategic importance that the modern company now plays within a wider network of associational clusters and networks that are seen as crucial to the development of successful labour markets. Instead, the government continues to uphold a surprisingly narrow focus and perspective on employers and workers that are treated very much in isolation from one another. Above all, it relies on a range of macro-economic neo-liberal supply side reforms in the establishment of so-called flexible labour markets that have little or anything of relevance to say about the importance of autonomous and voluntary intermediate institutions in the formation of a more successful and competitive economy that seeks to reconcile economic success with social justice.

Many of the important research findings emanating from the Future of Work programme have already cast serious doubt on much of the current conventional wisdom about what is happening inside today's labour markets as companies seek to deal with the dual pressures being imposed upon them by technological innovation and intensifying competition. The government claims that it wants to pursue public policies that will develop a high road strategy of high productivity and good quality employment in line with its commitment to the 2000 Lisbon European Union summit objectives of turning the European Union into a competitive information economy that is capable of facing up to the American challenge by the end of this decade. But on the other hand, some ministers seem much more concerned on raising the overall employment rate than encouraging the creation and development of higher quality jobs.

Partnership at work - properly defined and encouraged - can provide us with an important means for moving forward to the urgent creation of high performance workplaces. Contrary to

the views of its many opponents, the concept offers a credible and effective strategy that does not undermine the independence and autonomy of workers or trade unions but can reconcile the often divergent and conflicting interests that exist within most workplaces. Indeed, many of the research findings indicate that the development of partnerships can become an integral part of a new approach to work that also encompasses trade union recognition, the improvement in the quality of working life and the creation of workplace development programmes that can boost skills and work flexibility in response to the needs of corporate change.

A number of organisations are keen to propagate partnerships at work. The Industrial and Participation Association is dedicated in particular to their creation. The Work Foundation and the Chartered Institute for Personnel Development have also displayed an interest. The Trades Union Congress has established a Partnership Institute to enthuse and educate trade union officials in the concept. The independent Advisory, Conciliation and Arbitration Service has also been trying to shift its policy focus of concern on to partnerships as a way to improve employment relations and stimulate workplace innovation. What is badly required now, however, is much more government encouragement for their creation. More than official lip service needs to be given in government to champion partnerships at work. In other western European countries such agreements are effective and undisputed. Here, the debate threatens to wreck a concept that could go a long way to improve our productivity record and ensure high performance workplaces are not limited to a small marginalised group of untypical companies. The international research evidence continues to point to this country's relative backwardness in workplace development. The time has come to raise our game.

In this, the government must take the lead. What is required is a substantial financial allocation to revamp the Partnership Fund concept in alliance with the Regional Development Agencies and Learning and Enterprise Councils. We need a greater willingness to benchmark best company practice, experiment with different forms of partnership and stimulate greater innovation in companies to restructure their activities through cooperation with employees and trade unions.

### **Partnership At Work - Today's Realities.**

It is true that few genuine partnership at work agreements exist in contemporary Britain. Some of them that have been examined in research for the Future of Work research programme and many suggest they too often fall far short of their rhetorical promise. On the other hand, too often ideological assumptions have tended to cloud much of the empirical analysis of the data.

The September 2004 edition of Industrial Relations Journal has published a series of articles on partnership at work based on ESRC research findings. This section of the report is a response to what they have to say. Professor William Brown and Dr Sarah Oxenbridge caution that partnership at work is a rather slippery concept. They compare it to the widespread use of the term -productivity agreement - back in the 1960s which was so diffuse

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*The partnership principle in action works most effectively where it involves the enthusiastic participation of strong independent trade unions.*

that it eventually lost all meaning. They prefer to write about what they call 'cooperative employer/union relationships', where the parties 'generally seek to avoid confrontational and zero-sum bargaining'. But what is very clear from some of their nine case studies, which they have examined in the services and manufacturing sectors, is that the most effective of such arrangements are not established over night and in isolation. On the contrary, partnerships are much more likely to succeed if they can emerge from an already strong and well-established system of workplace relations that is based on active trade unions and sympathetic local managements. Indeed, it could be argued that partnerships at work are the evolutionary logic of long-term arrangements and accommodations that have already withstood the test of time. Internal research carried out in 2002 by the GMB general union into its own partnership agreements as well as work done by Amicus and USDAW the retail union into its own negotiated deals confirm this observation. The partnership principle in action works most effectively where it involves the enthusiastic participation of strong independent trade unions.

Moreover, the development of such cooperation is best achieved through the deepening of consultation arrangements in the workplace which are based on a sense of mutual trust between the employer and his employees. It is true that partnership falls short of any full-blown system of worker participation or control of the kind that was envisaged in the 1970s. Indeed, it can even be regarded that it reflects the present weak condition of private sector trade unionism rather than its strength. Some critics like to argue that too many partnerships involve too much surrender of hard-won collective rights and represent a retreat from the kind of collective bargaining deals that were negotiated in what was supposedly a golden age of industrial relations thirty years ago. There may be some truth to this argument. But as Brown and Oxenbridge have convincingly argued 'most unions faced with developing cooperative relationships, were not given an alternative option of retaining or winning strong bargaining positions.' As they explain;

'The alternative to a cooperative relationship was, for most, either incrementally diminished influence, effective de-recognition or continuing poor industrial relations which might in time undermine the enterprise in question. Given the realities of contemporary power relationships, it is wholly misleading to pose robust, traditional negotiation as a viable hypothetical alternative for most contemporary cooperative relationships' (2).

Brown and Oxenbridge explain that partnerships at work can cover a diversity of different forms of agreement. They distinguish between those they describe as 'robust' and others as 'shallow'. The first group exist in establishments where over 40 per cent of employees are unionised, where wages are collectively negotiated and workplace union representatives enjoy strong and legitimate involvement in decision-making. The 'robust' partnerships are the most prominent in workplaces where trade unions enjoy full recognition rights. In the 'weak' ones trade union density remains low and employees are not encouraged to participate in decision-making. In those establishments restrictions are also placed on union recruitment activity.

But the research also suggests that trade unions have suffered a significant decline in their collective bargaining power in recent years, even where 'robust' partnership agreements are in existence. They quote a human resource manager in one of the better partnerships: 'The unions

have very little influence if any on how much money we put into the pay review. They may sometimes be able to poke and prod a little in terms of the shape of the package but to be honest if we decide as a business that we are going to pay 5 per cent according to our budget, then we are going to pay 5 per cent' (2). Brown and Oxenbridge found trade unions were no longer playing a substantial role as wage bargainers. The only way in which they could exercise a greater influence over pay determination would be if they enjoyed access to the making of corporate strategy but there are no indications that partnership agreements are yet envisaged as mechanisms to strengthen worker voice inside company boardrooms.

Many union negotiators - for their part - told the researchers that partnership at work had brought with it a much more regular and continuous flow of information coming to them from the company. As a result they were better informed on what the employer could afford in collective negotiations and this ensured the bargaining process was less drawn-out than it had proved to be in the past. However, their members often tended to take a much less favourable attitude towards the partnership process and preferred the traditional and ritualised set-piece approach to collective bargaining. Workers in those establishments saw a lengthy and perhaps disputatious process as strong evidence that trade unions had not lost their strength and legitimacy in securing good pay deals for them. But Brown and Oxenbridge point out that wage negotiations have achieved only 'totemic' significance for trade unions in 'robust' partnership agreements. The greater degree of regular consultation between the company and workplace representatives may not have made much of an impact on ordinary union members but it is a clear sign of a greater management constraint that is influencing the actual bargaining process.

Perhaps more significantly they found - from their case studies - that partnership type arrangements have led on many occasions to the creation of new consultative structures for employees inside the company they work for. The main inspiration for this innovation appears to have come from the European Union and its social market model of capitalism. The EU legally-enforceable directive on the need for representative works councils in trans-national firms has turned out to be an important motivating force. So has the forthcoming regulation based on another EU directive that seeks to encourage new kinds of information and consultation arrangements in all companies employing more than 50 workers. The new law will come into force in three stages from the spring of 2005. In addition, it seems that managers are also keen to bring non-unionised employees into their consultation systems and the introduction of workplace committees is a means for achieving this change.

The more successful partnership agreements in the private sector involve a recognised trade-off in the pursuit of common objectives. In return for a guarantee of job security, employees - for their part - accept the introduction of more flexible labour practices and workplace modernization. As Brown and Oxenbridge explain; 'Unions played a crucial role in restructuring processes, assisting employers in managing redundancy programmes or integration processes following merger or acquisition activity or in introducing new strategies for improving efficiency or quality of service' (2). It may be true that we still lack much independent, empirical evidence that shows how the existence of partnership agreements has brought about increased productivity and competitiveness by the companies that have negotiated such arrangements. But

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*A commitment in the union branch to lifelong learning for members enables the union to become strong, effective and participative in its relations to the employer.*

the experience of USDAW with Tesco and Amicus at Perkin Engines, for example, suggests that corporate performance can improve through the working of strong partnership agreements. Perhaps the ultimate test of their success will lie with the opinions of those who are actually covered by the partnership rather than outside academic observers with ideological axes to grind.

One of the most interesting insights in the Brown/Oxenbridge research is the important degree of informal contact between managers and workplace representatives they found going on in companies with robust partnership agreements. The creation of procedural facilities for information and consultation has led inexorably to a much greater amount of mutual exchange of views and opinion through the acceptance of regular contacts on an almost daily basis. This has - in turn - strengthened the legitimacy and influence of workplace union representation.

But it is also evident that the future growth of partnerships will depend to a very great extent on the initiative and support of employers. They will have to recognise that such arrangements are in their interests and not a concession to trade union power. However, this does not mean that partnerships can flourish if they are merely institutional mechanisms that are an outgrowth of a unitary corporate strategy. Brown and Oxenbridge conclude that cooperative relationships might be expected to increase 'as a common and relatively stable feature of those firms and sectors of the economy where employers perceive an advantage in a clear and independent employee voice'. However, they also believe the permanence of such relationships will depend on the relative strengths and traditions of collectivised industrial relations in the companies that negotiate partnership agreements. The critics of the partnership model fail to recognise that the most effective examples of this approach can be found in companies with a history of powerful and successful workplace organisation linked to independent and autonomous trade union activity.

Research carried out by Dr Anne Munro and Professor Helen Rainbird into employer partnership agreements that have been negotiated by UNISON, Britain's largest public service union, suggests that these arrangements can also be useful in the promotion of lifelong learning and skills training in the workplace. The UNISON/employer partnerships have been mostly established on the initiative of the union. Some of the research conclusions drawn from the evidence points to the potentialities of learning partnerships at work. A commitment in the union branch to lifelong learning for members enables the union to become strong, effective and participative in its relations to the employer. The research argues; 'There is some evidence that strongly embedded learning partnerships may provide the foundation for the development of general partnership arrangements. Where they provide an opportunity for the development of trust and understanding between UNISON officers and management in a less antagonistic context, these relationships remain when the parties move into the wider industrial relations agenda. Rather than by passing the branch learning partnerships offer an opportunity for trade unions to extend their influence into new areas' (3).

In line with other research under the Future of Work programme, the UNISON lifelong learning study indicates that the existence of partnership agreements do not weaken existing trade unionism in the workplace. As it concludes; 'Our findings suggest that partnerships on learning which are based on an independent trade union agenda do not undermine a union's capacity to

take industrial action and are compatible with the organizing agenda'. On the contrary, the lifelong learning partnerships seem to have stimulated the emergence of a more active and self-confident workforce, especially among women. Munro and Rainbird wonder why the government has not done far more to encourage the institutions necessary to advance lifelong learning partnerships as the results of such arrangements appear to be so positive.

But research does not always point to the positive benefit of partnerships. A study of a National Health Service hospital trust by a team from the University of the West of England suggests its partnership was driven by the demands of management in response to government targets and organisational modernization drives from on high. As it argues; 'HR managers' view of partnership was a restricted one and in practice they used the partnership institutions fairly instrumentally [to achieve formal policy and procedural change]. As was the case for most middle or senior managers, decision-making was largely responsive to government priorities and performance targets' (4). The research indicated that managers at the hospital trust used communications to keep staff informed not to involve them in actual decision-making. In addition, partnership in such circumstances has tended to centralise union decision making and resources and make unions even more remote from their members.

Further research carried out by the University of the West of England in manufacturing establishments in the region has also raised doubts about the efficacy of the partnership approach to workplace change. It suggests full-time union officials are in danger of being 'incorporated' into the power structures of companies which cuts them off from the influence of rank and file opinion. There is also a worry over whether unions might trade away some of the workplace gains of the past in return for some form of job security guarantee. As a result, there could be an increase in employee resistance and disillusionment with trade unionism. It is even suggested that 'when the material interests of trade union members themselves are considered - rather than the interests of the union bureaucracy or management concerns to secure stable, trouble-free industrial relations, then it becomes clear that accommodation through partnership may both constrain and undermine the rank and file self-activity for workplace organizing' (4). The current climate of doubt and scepticism should not, however, discourage further experimentation with such arrangements. On the contrary, future developments in the world of paid work look set to encourage and stimulate the partnership approach as the concluding section of this report will argue.

*On the contrary, future developments in the world of paid work look set to encourage and stimulate the partnership approach.*

### **The Importance of Partnership in Corporate Modernisation.**

Future case study research will be needed to assess the viability of the partnership approach as it evolves over time. But what is already clear is that partnerships at work should not be treated in isolation. Their relative failure or success can only be determined in an analysis of specific case studies that pay a close attention to the wider context within which substantive, formal and written partnership agreements are established. First and foremost, such deals must be negotiated as a crucial means to further modernization around an accepted agenda of workplace reform. Research findings from other parts of the Future of Work programme have already

*The arrival of new legal rights and responsibilities for workers in both companies and labour markets point to the need for the encouragement of a fresh and independent research agenda.*

demonstrated quite effectively that change at work is at its most effective where it is derived from bargained consent and not through any imposed management strategy. The more transparent the information and consultation procedures adopted as a result, the less difficulty and conflict the enterprise can expect from employees in initiating and implementing workplace change. Partnership provides the most sensible institutional means for the avoidance of internal conflict in the process of modernization. Inevitably such agreements need to contain within them specific mutual gains for employees as well as the employer. They are not to be seen or used as a one-way channel of communication for managers to exercise any unilateral authority and control over employees. On the contrary, they involve much more than an exchange of view and information in the moves required to ensure negotiated change. There also needs to be some form of reciprocity and not a unilateral assertion of corporate power for partnerships to develop.

From the spring of 2005 the opportunities will emerge which guarantee the creation of genuine forms of information and consultation under the implementation of a European Union Directive that the British government resisted until the bitter end. This development will not create fully fledged and powerful works councils on the German model in this country. But at least, it ought to provide the legal framework for employers and trade unions to introduce sensible and meaningful arrangements in workplaces that can encourage the emergence of partnerships at work. The impact of work reorganisation on lines of employee empowerment and team working along with new institutional forms of employee voice could provide the badly needed catalyst to stimulate the partnership principle which it badly needs if it is not to fall into disrepair through either hostility or neglect. This important reform provides us at least with the opportunity to carry through what could amount potentially to a workplace revolution in the way that British companies are organised. Above all, it ought to establish the institutional framework for new advances in partnership at work. No doubt, many employers and trade unions will oppose such a development from their competing positions. But their hostility or indifference to this important change could turn out to be a profound strategic mistake.

The arrival of new legal rights and responsibilities for workers in both companies and labour markets point to the need for the encouragement of a fresh and independent research agenda that is concentrated around the concept of partnership at work. A growing number of western European countries - most notably Germany, Finland and Sweden - are already encouraging what they call workplace development programmes, negotiated between employers and their employees and with state involvement where necessary. This enlightened approach promises to establish a new form of social contract at work between companies and employees that recognises that modernization through mutual consent lies at the heart of successful corporate change.

It would be wrong, however, to conclude from this that partnerships are somehow a trouble-free response to workplace reform. Their creation and development over time need to be assessed within the bewildering dynamics of perpetual transformation. The growing internationalisation of the world economy in trade and investment flows and the continuing application of information technology and job redesign and restructuring will ensure we are not going to enter a period of relative stability and coherence in employment and labour markets. The constant waves of company mergers and acquisitions as well as the inherent instability of consumer, product and

financial markets will continue to make an unpredictable impact on the structure of companies, their corporate strategies and future developments. We need to assess and judge the relevance of partnerships at work against this often sombre and ever-present background of uncertain fluidity and potentially destabilising dynamism.

But it is also clear from the research findings we have so far that employees themselves have not responded to the pressures of change by launching offensives against capitalism and the power of the trans-national companies in particular. The overwhelming evidence contained in public opinion surveys in recent years, and in particular those commissioned by the ESRC's Future of Work programme, has found a widespread stress and lack of dissatisfaction at the pace of work and the increase in working hours in Britain that stretches from the ranks of management to the low paid and unskilled in the informal economy (5). What has not been detected, however, is much sign of any upsurge in forms of worker discontent and solidarity that might be most responsive to any full commitment to an adversarial model of industrial relations that seeks to emphasise militant action and social movement unionism and rejects any notion of partnership. On the contrary, Britain's workers say they want to cooperate with their employers in the improvement of corporate performance. They do not see themselves in the midst of a class war as shock troops in the ranks of a militant trade unionism that is in its essence oppositional and agitational. Today's workplaces may be troubled and divided but they are not social laboratories for an advance in worker power. It often appears that there is more consciousness of the inequalities that exist in workplace power relationships among managers than among employees. And yet this should come as no surprise. Employees want the company they work for to succeed. Their own self-esteem as well as their prosperity and stability are intimately related to corporate performance. It would be a strange workplace where employees sought deliberately to wreck or undermine its activities. Indeed, surveys carried out for the Future of Work programme of workers and managers reveal widespread affinity of aspiration and interest between them.

However, this does not mean that a genuine partnership agreement is a sell-out to capital or a soft option for so-called business trade unionism that prefers to collaborate with employers than represent their members more effectively. On the contrary, as this report has sought to argue, partnership agreements need to be assessed as a part but only a part of a much wider picture of modernization at work. The over-riding message that has emerged from the ESRC's Future of Work programme is that we can no longer treat the subject of work in separate compartments. Industrial relations must integrate itself into the wider political economy. The subject is in danger of being marginalised at a time when employment relations are critical to the development of modern economies. This means we need to carry out far more research than at present on the future organisational structure and functions of the company, the character of capital markets, the role of trade and investment flows in corporate restructuring, as well as the rising importance of national and international law and regulation in the making of corporate policy. We have to understand - more than we do at present - the forces that are reshaping the modern world of work. This will require a much closer attention than at present to the creation of a new agenda of workplace research that resonates with companies and their employees.

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Partnership at work may mark, however, the beginning of a new kind of employment relations and not a passing fad. Much will depend on how it is understood and whether it reflects accurately the changing worlds of capital and labour. But partnership needs to be viewed as a sensible and long over-due innovation that provides the institutional support for a new collaborative form of relationship between employers and employees which is in their mutual self-interest to establish. Its existence inside the company can lead to a number of promising developments. It could open the way to a comprehensive learning and skills agenda tailored to specific corporate needs. It might stimulate more willingness to redesign work and encourage new forms of team working and individualised effort in return for the creation of a quality of working life programme for employees. It can also provide support for the upholding of employee and trade union rights at work. It can stimulate trade unions to take the organising offensive in a positive frame of mind and help them to modernize their own often antiquated structures. It could encourage new forms of social networking through the formation of clusters and alliances between and across companies and the wider labour market. This is why partnerships should be assessed within a continuum of workplace experience. They are - at their best - a logical extension of successful collective bargaining and a modern variant of industrial democracy. The opening paragraph of the 1978 Labour government's White Paper on industrial democracy is more relevant today than when it was written more than a quarter of a century ago. As it explained;

'Employees at every level must have a real share in the decisions within the company or firm and therefore a share in the responsibility for making it a success. The objective is positive partnership between management and workers rather than defensive co-existence. Through their trade unions, employees play an increasingly active part in the affairs of their companies. Legislation exists to protect people from unfair dismissal, bad conditions and exploitation. But our industrial relations are still marked by conflict. Some of the conflict is inevitable and even healthy. People in industry have different interests and differ about objectives and how they are to be achieved. But part of the conflict is due to poor communications, lack of information and lack of trust. One way to change this is to create a framework for employees and their representatives to join in those corporate decisions that affect them and to encourage them to do so. Where decisions are mutually agreed both sides of industry must then share responsibility for them. Such shared responsibility will improve the efficiency of British industry and open up a range of new ideas and creative ideas that can greatly benefit this country' (1).

Re-opening the public policy debates of the 1970s about industrial democracy does not mean we should return to outmoded approaches to the future of work. The world of work is dramatically different in content and design than it was then. Moreover, future trends in employment and the organisation of work indicate we are not going back to a time of large production plants, labour intensive manufacturing processes and an ethos and culture of manual work that is collectivist and inherently adversarial, at least in theory if not in practice. The arrival of a new and more variegated unskilled manual working class that is centred in private and public sector services and is fragmented in its occupational composition and employment status poses an obvious problem to the development of the partnership at work concept. But partnership might bring a badly needed sense of cohesion and stability to a world of work where short-term contracts, temporary and agency work and other kinds of work that is less than full-time and permanent are becoming more dominant.

For much of the last century the public debate over employee representation in Britain's workplaces suffered from widespread indifference, neglect and confusion. After 1945 a fresh interest was aroused in the subject of industrial democracy. It was seen by many as part of a social settlement that involved the emancipation of labour around an agenda of equity and social justice. During the years immediately after the upsurge in worker discontents in France, Britain and Italy in 1968 and 1969 plans were drawn up to establish ambitious forms of worker participation. These include the promotion of partnerships or democratic agreements that sought to strengthen worker voice and streamline systems of management to give employees a much greater involvement in the decisions that affected them. At that time trade unions were much more powerful and representative than they are today and the proposed reforms tended to reflect an agenda that was centred on their perceived needs and demands. In the event, the great workplace reform developments of the 1970s were to lead to only modest and limited change.

But today in Britain and elsewhere in Europe we can see that the case for partnership at work has changed both in the balance and content of its argument. During the 1970s the demands for new forms of workplace cooperation and democracy at work were made almost entirely from the perspectives of labour. The changes were seen to involve the advance of employee rights in the company and they were based on recognised rules of collective representation. The commercial and competitive needs or demands of enterprises themselves hardly figured at all in the public policy debates. Now they lie at the centre of any credible discussion. It is the market case for partnerships at work that has to be argued from the solid basis of empirical evidence. Their future expansion will depend on how the partnership concept can be utilised to resolve the problems of the modern company.

In the future if employers in Britain wish to innovate and prosper in dynamic markets they will have to win the active consent of their employees for what they want to do. This must mean that companies will have to give a much higher value and priority than they have done in the past to the people who work for them through the provision of higher quality training programmes and a stronger commitment to human development strategies that are based on the fostering of mutual trust, commitment and loyalty. The 2003 European Commission Davignon report has explained this process well;

'Globalisation of the economy and the special place of European industry raises fundamental questions regarding the power of the social partners within the company. The type of labour required by European companies - skilled, mobile, committed, responsible and capable of using technical innovations and of identifying with the objective of increasing competitiveness and quality - cannot be expected simply to obey the employer's instructions. Workers must be closely and permanently involved in decision-making at all levels of the company' (6).

In the future, partnership at work needs to be developed as the vital precondition for the success of entrepreneurialism. Companies and their employees may find common agreement on corporate strategic objectives and the means for realising them through joint decision-making as well as joint consultation or at least a more positive forms of employee representation.

*Companies and their employees may find common agreement on corporate strategic objectives and the means for realising them through joint decision-making as well as joint consultation.*

The research agenda for the future of work will make better sense if it breaks down the existing barriers of specialisation and refocuses labour economics, industrial sociology and traditional industrial relations within a new paradigm that is centred on partnership and a mutuality of interests. In other words, today's rather narrowly focussed discussion around the concept of partnership at work will need to be transcended through a more determined emphasis on the integration of theory and practice around the role and function of the company in the political economy. We need to free ourselves from older concepts that were shaped and hardened by the social and economic processes of industrialisation and globalisation. The intellectual challenge for the next generation who want to pursue evidence-based research in the changing world of paid work certainly looks formidable, but it also offers exciting opportunities. If future studies also achieve a much-needed synthesis between academics and public policy makers that would provide an overdue and added bonus.

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## Future of Work

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