Partnership in UK financial services: achieving efficiency, equity and voice?

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Partnership in UK financial services: achieving efficiency, equity and voice?

by

Stewart Johnstone

Doctoral thesis
submitted in partial fulfilment of the requirements
for the award of
Doctor of Philosophy of Loughborough University

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Abstract

The existing British partnership literature is notoriously polarised. Two main streams of research have emerged. Early empirical work focused upon trade union representative capacity outcomes, in other words does partnership represent a threat or opportunity to the beleaguered trade union movement. Many of the conclusions have been negative, suggesting that partnership is a dangerous strategy for trade unions. More recent empirical work has focused upon the extent to which partnership offers mutual gains outcomes to employers, trade unions and employees. While much of the research has been pessimistic, various typologies of partnership have emerged, suggesting a variety of possible outcomes. However, despite the abundance of literature, three particular limitations are noteworthy. Firstly, few studies consider how partnership plays out in different contexts. Secondly, little attention has been given to understanding more about the process of partnership. Thirdly, there are limitations to the way outcomes have been assessed. Crude use of labour outcomes, such as job losses or pay levels may tell us nothing about the quality of employment relations.

Accordingly, the study has five main objectives. Firstly, partnership is explored in a variety of organisational contexts. Secondly, particular attention is paid to what partnership means to organisational actors. Thirdly, the study focuses upon two indicators of partnership process: the nature of relationships between actors, and the way issues are handled and decisions are made. Indeed, it is argued that one cannot fully understand the outcomes without exploring both process and context. Fourthly, outcomes for management, unions and employees are explored, as well as wider societal goals. Finally, the study considers some of the main challenges to partnership in the UK.

Given the nature of the research questions, qualitative methods were thought to be most appropriate. In particular, a case study research design was employed focusing on three organisations in the thriving financial service sector, thus offering a very different context to traditional IR – and partnership – research in manufacturing and public services. The study also offers insights into partnership in both union and non-union firms. The bulk of the data was obtained through semi-structured interviews with a range of managers, representatives and employees in each organisation, as well as interviews with trade union officials. This was supplemented by documentary analysis and non-participant observation.

Thus, the thesis makes several important contributions. Firstly, it offers fresh empirical evidence into partnership working in the UK, drawn from a variety of contexts within the internationally important financial service sector. Since the outcomes of partnership are difficult to measure the study also considers issues of process which are overlooked in the existing research. Actor relationships and bargaining explored in relation to models of integrative and distributive bargaining as proposed by Walton and McKersie (1965). Decision making processes are also explored by developing the analytical framework proposed by Budd (2004), which has not been widely employed in British industrial relations research. The thesis therefore offers a different way of evaluating the outcomes of partnership for various stakeholders, and avoids conflating union attitudes with employee opinions. In this way, the research transcends the recent advocates/critics stalemate in the literature.

Keywords:

Partnership, trade unions, industrial relations, financial services, case studies, employers
Acknowledgements

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Acronyms

AA      Automobile Association
Acas    Advisory, Conciliation and Arbitration Service
ACD    Automatic Call Distribution
AL      Aer Lingus
ANGU   Abbey National Group Union
ASLEF  Associated Society of Locomotive Engineers and Firemen
AUEW   Amalgamated Union of Engineering Workers
AWE    Atomic Weapons Establishment
BA      British Airways
BBA    British Banking Association
BIFU   Banking, Insurance and Finance Union
BJIR   British Journal of Industrial Relations
BOG    Bank Officers Guild
CAM    Customer Account Manager
CARE   Career average revalued earnings
CBI    Confederation of British Industry
CGNU   now Aviva plc
CIPD   Chartered Institute of Personnel and Development
CIT    Critical Incident Technique
CME    Co-ordinated market economy
COO    Chief Operating Officer
CPE    Contrat Premiere Embauche
CSR    Corporate social responsibility
CWU    Communication Workers Union
DTI    Department of Trade and Industry
EC     European Community (or) European Commission
EI     Employee Involvement
EIC    Employee Involvement Committee
EIRO   European Industrial Relations Observatory
e-HR   Electronic Human Resources
ER     Employee relations
ESM    European social model
ESRC   Economic and Social Research Council
ETUC   European Trade Union Congress
EU     European Union
FSA    Financial Service Authority
FTE    Full Time Equivalent
FTO    Full time officer
FTSE   Financial Times Stock Exchange
GDP    Gross Domestic Product
GM     General Motors
GMB    General Municipal Boilermakers and Allied Trade Union
GWD    Generation Wholesale Division
HBOS   Halifax Bank of Scotland
HRM    Human Resource Management
ICD    Information and Consultation Directive
ICE    Information and Consultation of Employees Regulations
ICO    Individual Case Officer
IDS    Income Data Services
IOD    Institute of Directors
IPA    Involvement and Participation Association
IR     Industrial relations
IRJ    Industrial Relations Journal
<table>
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<td>IRS</td>
<td>Industrial Relations Services</td>
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<tr>
<td>IVR</td>
<td>Interactive Voice Response</td>
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<td>JCC</td>
<td>Joint Consultative Committee</td>
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<tr>
<td>JCNC</td>
<td>Joint Consultative and Negotiating Committee</td>
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<td>KPI</td>
<td>Key performance indicator</td>
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<td>LME</td>
<td>Liberal market economy</td>
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<td>LSE</td>
<td>London School of Economics</td>
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<td>MSF</td>
<td>Manufacturing Science and Finance Union (now part of Amicus)</td>
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<td>National Childrens’ Homes</td>
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<td>National Union of Bank Employees</td>
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<td>NUMMI</td>
<td>New United Motor Manufacturing Inc</td>
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<td>NWSA</td>
<td>NatWest Staff Association</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<tr>
<td>OMC</td>
<td>Open Market Co-ordination</td>
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<td>Office of National Statistics</td>
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<tr>
<td>PI</td>
<td>Partnership Institute</td>
</tr>
<tr>
<td>PLC</td>
<td>Public Limited Company</td>
</tr>
<tr>
<td>PR</td>
<td>Public Relations</td>
</tr>
<tr>
<td>PRP</td>
<td>Performance related pay</td>
</tr>
<tr>
<td>RBS</td>
<td>Royal Bank of Scotland</td>
</tr>
<tr>
<td>RMT</td>
<td>National Union of Rail, Maritime and Transport Workers</td>
</tr>
<tr>
<td>R&amp;P</td>
<td>Recognition and procedural agreement</td>
</tr>
<tr>
<td>SERA</td>
<td>Security of Employment and Redundancy Agreement</td>
</tr>
<tr>
<td>SM</td>
<td>Secure Messaging</td>
</tr>
<tr>
<td>TGWU</td>
<td>Transport and General Workers’ Union (also T&amp;G)</td>
</tr>
<tr>
<td>TQM</td>
<td>Total Quality Management</td>
</tr>
<tr>
<td>TUC</td>
<td>Trade Union Congress</td>
</tr>
<tr>
<td>UAW</td>
<td>United Auto Workers</td>
</tr>
<tr>
<td>UMIST</td>
<td>University of Manchester Institute of Science and Technology</td>
</tr>
<tr>
<td>USDAW</td>
<td>Union of Shop, Distributive and Allied Workers</td>
</tr>
<tr>
<td>WAP</td>
<td>Wireless Application Protocol</td>
</tr>
<tr>
<td>WERS</td>
<td>Workplace Employee Relations Survey</td>
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<tr>
<td>WIRS</td>
<td>Workplace Industrial Relations Survey</td>
</tr>
</tbody>
</table>
Introduction
Chapter 1: Introduction and overview

Background to the study

Union decline in the UK since 1979 has been dramatic. Purcell (1993) questioned whether Britain was experiencing "the end of institutional industrial relations" and Howell (1999, 26) also begins his analysis of British IR by stating how "trade unions are in crisis". Metcalf has asked whether it is a case of "resurgence or perdition" and his conclusions are decidedly pessimistic (Metcalf, 2004). Union membership has fallen from a peak of 13 million in 1979 to 5.5 million, and membership is heavily skewed towards public rather than private sector workplaces. Various explanations of membership decline exist including the changing composition of the workforce and jobs, the business cycle, the role of the state, employer attitudes, employee reactions, and the strategies and structures of unions themselves (Metcalf, 2004). In addition, between 1980 and 2000, the coverage of collective agreements contracted from over three quarters to under a third of the employed workforce. This is compounded by evidence which suggests that even where unions continue to be recognised, their influence is still falling. Indeed, studies have revealed that the role of trade unions has faded over both wage and non-wage issues, with increasing emphasis on consultation and information rather than negotiation (Brown et.al, 2000). Furthermore, WERS 2004 reveals that union officials spent most of their time not on negotiating terms and conditions but in supporting grievances on behalf of individual members (Kersely et.al, 2006). As Terry has argued "local union representatives – shop stewards – are not the negotiators, the co-authors of ‘joint rules’, that we have generally taken them for since the late 1960s" (2003, 488). Even where collective bargaining continues its impact appears to have diminished, and 1970s concepts such as ‘joint control’ and ‘rule making’ are generally considered to be outmoded. Few organisations outside the public sector still have specific ‘Employee Relations Departments’, and ER is now commonly seen to be only one component of the broader HR professionals remit. Indeed for some
“the language has echoes of a historical era that offers few insights into contemporary practice” (Emmott, 2005). Overall, the emphasis has shifted from collective institutions such as collective bargaining and trade unions, towards a management vogue dominated by more individualistic concepts of employee voice, commitment and engagement, and the management of the ‘psychological contract’.

Despite the general context of a decline in collective employment relations, labour management co-operation remains a perennial issue in British industrial relations research. Over the last decade interest has focused upon workplace ‘partnership’ agreements, which have been a key plank of the New Labour government’s employment policy of ‘modernisation’ (Stuart and Martinez-Lucio, 2004). In the British context the term partnership remains notoriously ambiguous (Guest and Peccei, 2001; Terry, 2003), though most would agree that partnership concerns an attempt to shift the culture of employment relations away from zero-sum and adversarial relationships, towards co-operative employment relations, characterised by mutual trust and ultimately mutual gains (Stuart and Martinez-Lucio, 2004).

A voluminous literature on partnership has emerged. Much has focused on whether partnership offers a valuable opportunity for the beleaguered trade union movement (Terry, 2003), and the extent to which it delivers mutual gains (Guest and Peccei, 2001). Ideologically, the debate is polarised: pluralists tend to be more optimistic and view partnership as an opportunity (Ackers and Payne, 1998; Knell, 1999), while radicals remain decidedly suspicious and believe partnership presents a significant threat to unions and their members (Kelly, 2004; Taylor and Ramsey, 1998). Since unitarists believe that conflict is not an inherent or permanent feature of the employment relationship, they may take the view that partnership is unnecessary as employer and employee interests can be aligned through (human resource) management policies. Empirical evidence is mixed, though most recent empirical studies have been critical in tone (Stuart and Martinez-Lucio, 2004), suggesting that – despite the mutual gains rhetoric - the ‘balance of advantage’ is often skewed in favour of management (Guest and Peccei, 2001). Some recent research, however, has been less fatalistic
suggesting that a variety of employment relations outcomes are possible, and that partnership may not necessarily hold any single consequence (Heery et.al, 2004, Kelly, 2004; Oxenbridge and Brown, 2004a, 2004b; Wills, 2004). However, there are several significant weaknesses of the current literature. Firstly, there is the issue of definitional ambiguity leading to the risk that researchers are actually comparing very different situations under the ‘partnership’ umbrella. For example the literature identifies various different ‘types’ of partnership, such as union/non-union, formal/informal, public/sector/private sector, but fails to engage explicitly with the potential implications of such a heterogeneity of arrangements. Studies also explore different sectors with very different product/labour market conditions and different industrial relations traditions. Researchers also overlook the importance of process, tending instead to favour fairly crude attempts at ‘measuring’ the outcomes, against very high measures of success often informed by a romantic historical view of IR where trade unions and collective bargaining dominated the industrial relations landscape. Moreover, good process need not necessarily lead to good outcomes and vice versa, because of the influence of many other contextual variables such as economic conditions or corporate strategy. Of course outcomes are of interest, but is argued that the impact of partnership on the broader regulation of employment relations is equally important (Stuart and Martinez-Lucio, 2004).
Purpose of the study

The thesis addresses some of these limitations, by presenting the findings of a three-year research study conducted in the British financial service sector.

It is proposed that, in order to advance the debate, attention must be paid to the context, process and outcomes of partnership (Guest and Peccei, 2001; McBride and Stirling, 2002). Given the ambiguity of the term context is important in order to ensure an instance of partnership can be reliably identified. Sensitivity to contextual variables is also important in order to establish why some arrangements appear to be more successful that others. Partnership is concerned with regulation and governance of employment relations (Stuart and Martinez-Lucio, 2004), and accordingly little is known about the process of decision-making and partnership. Rather, most research has focused upon the outcomes of partnership, but it is likely that outcomes cannot be fully understood and reliably interpreted without information regarding both context and process.
Thus the thesis addresses a number of research questions. Firstly, how does partnership play out in a variety of organisational contexts? There is a danger of assuming that partnership arrangements are homogenous, when clearly the typologies identified in the literature suggests that contextual issues are important. These are likely to include union/non-union, formal/informal and greenfield/brownfield arrangements. Secondly, what does partnership actually mean to organisational actors, and what exactly is it expected to achieve? There is the risk that the expectations of IR academics may not be the same as those of practitioners and organisational actors. Thirdly, the research explores the process of partnership, and in particular the nature of decision making processes and relationships in organisations espousing a partnership approach to employment relations. Does partnership change the way decisions are made and what does it mean in terms of the relationships between the key actors? Fourthly, what are the outcomes for management, unions and employees, as well as society more generally? Again, it is worth reiterating at this point that though outcomes are clearly of interest, they are notoriously difficult to measure given the plethora of non-HRM/IR factors that may also influence outcomes. Finally, the study considers some of the main challenges to partnership in the UK.

Accordingly, case studies were conducted in three diverse banking organisations, known as NatBank, BuSoc and WebBank. This allowed rich contextual data to be obtained, and comparisons to be made across a number of variables including: route to partnership, IR history, union recognition, company history and corporate governance. Equally, focusing on one sector means some other variables are similar, for example product market, competitive environment, labour market/process and technology. A particular focus of the study was to understand more about the process of partnership, in terms of the nature of relationships between key actors, and the system of decision-making. The study then explores the outcomes of partnership as perceived by the key actors, and employees in particular. To evaluate actor relationships and bargaining the study draws upon models of integrative and distributive bargaining developed by Walton and McKersie (1965). In order to address the questions of decision making and
mutual gains, the study employs the framework proposed by Budd (2004) and asks to what extent does partnership balance the objectives of the employment relationship i.e. efficiency, equity and voice? This framework has not yet been employed in British industrial relations research. Thus the thesis makes two key contributions. Firstly, it offers a more holistic evaluation of partnership in terms of context, process and outcomes. Secondly, the thesis offers a test of the utility of the analytical framework proposed by Budd (2004). The bulk of the data is drawn from over 50 semi-structured interviews with managers, union officials, employee representatives and employees in the period 2004/5.

**Structure of the thesis**

The thesis is divided into nine chapters as outlined in the plan below.

![Structure of the thesis](image)

*Figure 1.2 Structure of the thesis*
Part one presents the theoretical background to the study. Chapter two reviews the vast literature on partnership. The chapter begins by examining the controversies surrounding the meaning of partnership and considering ‘whether there is such a thing as partnership’. It then considers some of the key influences and interventions underpinning the recent interest in the concept, such as the European Social Model and US mutual gains literatures. This is followed by an examination of the public policy context and public policy interest in partnership. The chapter then reviews the polarised advocates/critics debate as well as more recent empirical evidence which appears to present typologies of partnership outcomes. It concludes by highlighting the limitations of the current research including a strong ideological dimension to debates, lack of sensitivity to context and heterogeneity of partnership arrangements, as well as a tendency to focus on outcomes and to overlook the importance of process.

Chapter three outlines different methodological approaches to research, and in particular research approaches in the field of industrial relations. It then justifies the comparative case study research design adopted in the study, as well as the research process and data collection. The study was conducted over a period of four years (2003-2007) and involved case study analysis based upon interviews, company documents, focus groups and observation. A fundamental aim of the research was to capture process, in terms of both decision making and relationships. As such a qualitative approach was deemed essential. The study employs a variant of critical incident technique (CIT) in order to capture the realities of the process of partnership. In terms of case selection, the research employed an element of purposive sampling in that a particular aim was to capture organisations characterised by both similarity and dissimilarity.

Chapter four provides essential context to the case studies which follow. It begins by examining the notion of a service economy, and the new service management and critical literatures which have emerged in relation to nature of the employment
Chapter 1

relationship in service work. It then outlines ‘firm-in-sector’, approach taken which allows organisational developments be placed within the wider context in which the organisations operate. The importance of the UK financial service sector is then discussed, before outlining some of the key changes in recent years including changing markets, delivery mechanisms, technologies and marketing approaches. Such changes in business models have had significant HR implications in relation to pay, staffing, work organisation, skills, and industrial relations. Finally, to contextualise the call centre environments which form the focus of the research, the chapter concludes with a brief discussion of the key academic debates in this area.

Part two presents the data obtained from the studies of NatBank, BuSoc and WebBank respectively. Each empirical chapter begins with a company profile and an outline of the unit of analysis. This is followed by a review of employment relations at the company and the background to partnership. The partnership architecture is then considered, including the definitions of partnership, structures and processes, and actors. The partnership process is then considered in detail, and focuses upon the nature of actor relationships, and the way issues are handled and decisions are made in each case. The final section of each chapter offers an overall evaluation of some of the outcomes, as well as the barriers and challenges. More specifically, Chapter five presents the data from the first case study undertaken at the NatBank credit card centre in North East England. The NatBank partnership arose following a prolonged period of industrial relations turbulence and poor relations with the recognised trade union, culminating in a formal partnership agreement between the organisation and the recognised trade union being signed in 2000. The agreement was inspired by the TUC ‘Principles of Partnership’ and has since been renewed in 2005 for a further five years.

Chapter six presents the case of BuSoc undertaken at the BuSoc administration centre in the Midlands of England. This case examines a more evolutionary approach to partnership, which was believed to have evolved over a thirty year relationship between the Society and the recognised Staff Union. There is no formal partnership agreement
as such, but many of the commitments between the union and the employer - for example in relation to employment security, mutual legitimacy and sharing success - resonate with the principles of partnership. It is therefore included in the study as a prima facie ‘de facto’ case of partnership. Chapter seven explores the case of WebBank undertaken at the main operations centre and headquarters in the East Midlands. This case presents an espoused non-union partnership arrangement between management and the in-house Employee Forum. Again, though there is no formal partnership agreement, there is a Commitment Document, based upon the IPA principles of partnership and options-based consultation. This is by far the youngest espoused case of partnership presented, as the Employee Forum was only initiated in 2000, with a commitment to a partnership style of working agreed in 2003.

**Part three** presents the analysis and conclusions. Chapter eight presents a discussion of the result from the three case organisations, and offers detailed comparisons of differences and similarities. Following a broadly similar structure to the preceding three chapters, it begins by exploring the context and theory of the partnership process. The chapter then examines the realities of the partnership process in terms of issues and decision-making, and actor relationships. The final section offers an overall evaluation of partnership in practice, and the extent to which involves a shift from distributive to integrative bargaining, and asks whether partnership helps to balance efficiency, equity and voice. It then presents some of the main challenges to partnership, including a lack of a shared understanding, embedding a partnership culture, resistance to adversity, and representative efficacy.

Chapter nine presents the conclusions of the study and suggests some implications for practice and avenues for future research. It begins by suggesting the need to appreciate the heterogeneity of partnership arrangements in terms of route to partnership, corporate governance, union recognition as well as degree of formality. It then identifies three important points regarding the requirements for an enduring partnership. Firstly, the need for clear expectations of partnership and the rules of engagement.
Secondly, the importance of process, and the extent to which the partnership process can accommodate divergent interests. Finally, actor perspectives on partnership and the extent to which outcomes can be considered mutually beneficial is discussed.

Overall the evidence presented in the thesis suggests that the impact of partnership on employment relations in Britain is significantly more complex than the existing literature suggests. On balance, the thesis offers some support for the advocates, as well as some support for the concerns expressed by the critics. The research suggests that there is a need to pay much more attention to the context and process of partnership, as well as the difficult to measure outcomes which have dominated the existing literature. The thesis also demonstrates the utility of the frameworks of Budd (2004) and Walton and McKersie (1965) as useful tools in exploring the subtle processes of partnership, in terms of decision making processes and actor relationships. Without this, only a partial understanding of partnership can be achieved. It is proposed that different trajectories of experience are possible, and indeed likely. The thesis also makes the point that the voice process is of intrinsic value, and must be considered separately from outcomes. Moreover, outcomes must not be compared only with the ‘ideal’ outcome but also with other possible alternatives. It also suggests that the context of contemporary British IR must be borne in mind when deciding whether the glass is ‘half-full’ or ‘half-empty’. Importantly, the study found that in each case organisation there was little actor support for adversarial strategies, as well evidence to suggest that partnership encourages management to think more strategically and long-term in relation to their HRM and employment relations policies. As with other forms of participation, “initiatives are probably more limited than the enthusiasts claim, but more constructive than the critics admit” (Marchington and Wilkinson, 2005, 415).
The partnership phenomenon
Chapter 2: The partnership phenomenon

“The concept of partnership has become the defining feature of the ‘new’ industrial relations settlement for the Millennium” (Stuart and Martinez-Lucio, 2004b, 410).

Introduction

This chapter presents a detailed review of the partnership literature. It begins by considering whether there is such a thing as partnership and what – if anything – is distinctive about the partnership phenomenon. The chapter then considers the intellectual and theoretical influences from European industrial relations and developments in the United States. The chapter then outlines the historical context and policymaker views on partnership. This is followed by a review of the key academic debates and current partnership studies to date. The chapter concludes by flagging some limitations of the existing literature and highlights some avenues requiring further empirical investigation.

Is there such a thing as ‘partnership’?

“The term partnership has become too diffuse to carry much meaning” (Oxenbridge and Brown, 2004b, 389)

Since the early 1990s partnership has attracted an enormous amount of attention from the New Labour government (DTI, 1998), the Trade Union Congress (TUC, 1999) and most of the major trade unions including Unison, T&GWU, GMB, Amicus and USDAW. Partnership has also been endorsed by other bodies including Acas and The Work Foundation. The partnership concept has also attracted a voluminous research literature, yet the definition of partnership is still a matter for debate (Ackers et.al, 2004; Ackers and Payne, 1998; Dietz, 2004; Guest and Peccei, 2001; Stuart and Martinez-Lucio, 2004a). As a result of the “inherent ambiguity” (Bacon and Storey, 2000,409), partnership has been described as “an idea with
which almost anyone can agree, without having any clear idea what they are agreeing about” (Guest and Peccei, 2001, 207), although in reality the concept has attracted significant controversy, and support is far from universal.

Academic definitions centre around the idea of “co-operation for mutual gain” and “reciprocity” (Martinez-Lucio and Stuart, 2002). For Gall (2004) the idea of ‘mutualism’ – i.e. where a successful employer is able to benefit all involved – is a defining feature. Guest and Peccei (2001) also suggest that trust and mutuality are the key components of a genuine partnership agreement. Rhetorically at least, partnership appears to be hinged upon the proposition that, for employers, it can be both economically effective and ethically responsible to co-operate with unions and employees on issues of strategic organisational change (Stuart and Martinez-Lucio, 2004). For Terry (2003) commitment to business success, a quid pro quo between flexibility and employment security, and the representation of different interests are key.
Table 2.1
Academic definitions of partnership

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>1. Operational practices and processes</strong></td>
<td><strong>1. Values and principles</strong></td>
</tr>
<tr>
<td>- Direct communication</td>
<td>- Good treatment of employees now an in the future</td>
</tr>
<tr>
<td>- Upward problem solving</td>
<td>- Empowerment: creating the opportunity for employee contribution</td>
</tr>
<tr>
<td>- Financial involvement</td>
<td>- Employee rights and benefits</td>
</tr>
<tr>
<td>- Representative participation</td>
<td>- Employee responsibilities</td>
</tr>
<tr>
<td><strong>2. Values and behaviours</strong></td>
<td><strong>2. Practices</strong></td>
</tr>
<tr>
<td>- Management acknowledge legitimacy of employee voice</td>
<td>- Direct participation by employees in decisions about their own work</td>
</tr>
<tr>
<td>- Union commits to organisational performance and flexibility</td>
<td>- Direct participation by employees in decisions about personal employment issues</td>
</tr>
<tr>
<td>- Mutual obligation, trust and openness</td>
<td>- Participation by employee representatives in decisions about employment issues</td>
</tr>
<tr>
<td><strong>3. Complementary HRM features</strong></td>
<td><strong>3. Outcomes</strong></td>
</tr>
<tr>
<td>- Single status</td>
<td>- Employee attitudes and behaviour</td>
</tr>
<tr>
<td>- Harmonisation</td>
<td>- Employment relations organisational performance</td>
</tr>
<tr>
<td>- employment security</td>
<td></td>
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<tr>
<td>- employee development and lifelong learning</td>
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</table>

Others have explored definitional issues in more detail. Marchington (1998) suggests that partnership may be viewed at three levels. Firstly, as a set of operational practices and processes associated with a partnership approach. These include direct communication methods, upward problem solving, financial involvement, and representative participation. Secondly, partnership can be viewed in terms of values and behaviours. This concerns the attitudes of stakeholders and includes management acknowledging that employees have a legitimate voice, and that they should have influence over some decision making. Equally, union actors are expected to accept management’s concern with delivering organisational performance, as well as the need for flexibility. Partnership requires that both parties value the importance of trust and openness, and a commitment to developing a consistent approach to the management of employment relations. The third category concerns complementary HRM features, in other words features which are
not necessarily characteristics of partnership per se, but which can be viewed as supporting the partnership philosophy. These include a commitment to employment security and investment in employee development and learning.

Guest and Peccei (2001) identify three different conceptualisations of partnership: pluralist, unitarist and hybrid. The pluralist perspective is argued to draw upon traditions of industrial democracy and differences of interest and power between capital and labour. In practice this concerns a representative system, normally but not necessarily involving trade union representatives, in order to facilitate independent employee voice. This does not exclude the possibility of direct participation, but it is not viewed as a central component within this conceptualisation of partnership. A unitarist perspective of partnership, on the other hand, seeks to integrate employer and employee interests. In support of these aims attempts may be made to align interests through financial schemes such as profit sharing or share ownership. Alternatively, the focus may be on direct participation and involvement in day-to-day activities, and in practice this may relate more to job issues rather than wider employment issues. A hybrid approach combines elements of both the unitarist and pluralist perspectives, in the belief that representative and direct participation are complementary rather than mutually exclusive. In more practical terms, Guest and Peccei (2001) operationalise partnership in terms of values and principles, practices, and outcomes. In terms of principles, they suggest that good treatment of employees, empowerment, employee rights and benefits, and employee responsibilities are central. This accords with the general theme of mutuality. Regarding partnership practices, they isolate eight factors which reflect a combination of direct and indirect participation, supplemented by some other HRM practices. In relation to outcomes they identify three particular sets namely, employee attitudes and behaviour, employment relations and organisational performance.
Haynes and Allen (2001) acknowledge a “diversity of interpretation and specification” (166), and suggest that the meaning of partnership shifts depending upon the particular interests being promoted or the purposes to which it is put. They suggest that the term suggests some kind of economic or social relationship, in terms of both some commitment to the success of the enterprise, and some influence over its governance. They suggest that key concepts include the ideas of mutual legitimation, commitment to co-operative processes, and joint decision making or consultation. Business success is also central, and normally underpinned by commitment by the organisation to a degree of job security in return for employee flexibility. They comment that in reality partnership is a loose label incorporating some degree of variation between these common themes.

In practice, partnership is normally characterised by a formal agreement delineating the rights and responsibilities of employers, unions and employees. At the core of most agreements is an employer commitment to employment security in return for employee commitment to flexibility (Stuart and Martinez-Lucio, 2004a). It is important to remember that partnership can be viewed at different levels – for example, European, state, economy, sectoral and company level – but in the UK the focus is at enterprise level, as it lacks the institutional and legislative support afforded in most other Western European nations (Haynes and Allen, 2001; Heery, 2002; Heery et.al; 2003). Accordingly, the focus in the UK has been on partnerships between employers, employees and normally trade unions within individual organisations.

However, academic definitions are inevitably very vague and a useful definition “should describe a set of organisational characteristics and practices that, firstly, do justice to the idea of managing employment relations in a ‘partnership’ manner and secondly, are readily observable in order to verify a genuine example in practice” (Dietz, 2004, 4; see also Guest and Peccei, 2001). To this end, more practical definitions are offered by the TUC (1997, 1999) and IPA (1997). The TUC and IPA lists are very similar, although unsurprisingly there is a greater

Table 2.2
Defining partnership: the TUC and IPA

<table>
<thead>
<tr>
<th>Partnership element</th>
<th>IPA</th>
<th>TUC</th>
<th>Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>A joint declaration of commitment to organisational success</td>
<td>Y</td>
<td>Y</td>
<td>Values (Marchington, 1998) Commitment (IPA, 1997)</td>
</tr>
<tr>
<td>Mutual recognition of the legitimate role and interests of management, employees and trade unions where present</td>
<td>Y</td>
<td>Y</td>
<td>Values (Marchington, 1998) Commitment (IPA, 1997)</td>
</tr>
<tr>
<td>Commitment and effort to develop and sustain trust between the organisation’s constituencies</td>
<td>Y</td>
<td>.*</td>
<td>Values (Marchington, 1998) Commitment (IPA, 1997)</td>
</tr>
<tr>
<td>Means for sharing information [IPA]/Transparency [TUC]</td>
<td>Y</td>
<td>Y</td>
<td>Process</td>
</tr>
<tr>
<td>Consultation and employee involvement, with representative arrangements for an ‘independent employee voice’ [IPA]/Transparency [TUC]</td>
<td>Y</td>
<td>Y</td>
<td>Process</td>
</tr>
<tr>
<td>Policies to balance flexibility with employment security [IPA/TUC]</td>
<td>Y</td>
<td>Y</td>
<td>Outcome</td>
</tr>
<tr>
<td>Sharing organisational success [IPA]</td>
<td>Y</td>
<td>-</td>
<td>Outcome</td>
</tr>
<tr>
<td>Adding value [TUC]</td>
<td>-*</td>
<td>Y</td>
<td>Outcome</td>
</tr>
<tr>
<td>Improving the quality of working life [TUC]</td>
<td>-*</td>
<td>Y</td>
<td>Outcome</td>
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</table>


Despite the clear similarities, the key difference concerns the need for trade unions, with the IPA definition open enough to allow for the possibility of partnership in non-union contexts. This is evident from their website (wwwpartnershipatwork.com) which lists around 60 union and non-union partnership agreements and over 100 case studies. Understandably, the TUC believe trade union presence is essential to partnerships arguing that unions are the key to mutual respect, and that “in companies without unions…consultation always risks being a sham”, without the independent voice unions provide (TUC, 2002, 5). They argue that this voice is essential to act as a counterbalance against the power of management (TUC, 2002). The two models also agree on the need to balance flexibility with employment security, although care has to be taken with the
definition here; a ‘stable employment framework’ is meant rather than a ‘job-for-life’ guarantee” (IPA, 1997,2). They also agree on the desirability of positive employee outcomes although these are defined slightly differently with the IPA focusing on ‘sharing success’ with the financial connotations, whereas the TUC prefers the broader notion of ‘improving the quality of working life’ (TUC, 1999,13).

Partnership is also a term widely used by other policymakers. A speech given by Ian McCartney, Former Minister of State for Competitiveness, to the 1999 AnuMan conference, provides some insight into the government definition of partnership. At this event he suggested that partnership concerned a need to recognise and value the role of the workforce in any organisation, and that there needs to be agreement on both the aims of the business and work culture. Emphasis was also based upon learning and development issues, as well as changing the relationships between actors towards a constructive problem solving approach, which respects and balances the interests of all parties. However, there is no explicit statement by the government that a trade union intermediary is a necessary component of such problem solving. Joint problem solving is also central to Acas definitions which argue that partnership concerns an ‘interest-based relationship’, which is not just concerned with rights and power, but rather the satisfaction of both mutual and different interests.

Having examined in detail the content of academic and practitioner definitions, a good test is how the notion of partnership is understood within organisations espousing a partnership approach to working. By way of illustration two agreements are outlined below.
Table 2.3

<table>
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<tr>
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<tbody>
<tr>
<td>Efficient and effective operation of Abbey</td>
<td>Trade union legitimacy</td>
<td>Information and consultation</td>
</tr>
<tr>
<td>Best interests of employees, customers and shareholders</td>
<td>Joint commitment to success</td>
<td>Business success</td>
</tr>
<tr>
<td>Jointly manage change</td>
<td>Best in class</td>
<td>Employment security</td>
</tr>
<tr>
<td>Sound employee relations</td>
<td>Fair treatment, mutual respect and single status</td>
<td>Managing change</td>
</tr>
<tr>
<td>Information sharing and consultation</td>
<td>Employment security</td>
<td>CSR</td>
</tr>
<tr>
<td>Business success</td>
<td>Flexibility and team working</td>
<td>Sharing success</td>
</tr>
<tr>
<td>Employment security</td>
<td>Training and personal development</td>
<td>Open and honest</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>Information, consultation and participation</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Open and honest working environment</td>
<td>Responding to change</td>
<td></td>
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<td></td>
<td>Sharing the success</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Safety, health and welfare</td>
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<td></td>
<td>Environment and community relations</td>
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</tbody>
</table>
The partnership phenomenon

Theoretically, many of the ideas at the core of partnership definitions reflect the analytical framework developed by Walton and McKersie (1965) in their work ‘A Behavioural Theory of Labor Negotiations’. Although their primary focus is on traditional bargaining and negotiation, some of their concepts can inform broader contemporary debates regarding consultation and decision making, as well as the nature of the relationships between employers and representative bodies. In their view, a distinction can be made between ‘distributive bargaining’ and ‘integrative bargaining’, and this broadly reflects the key differences between zero-sum and positive/varying-sum relationships. Distributive bargaining has the function of resolving pure conflicts of interests. It serves to allocate fixed sums of resources (‘dividing the pie’) and hence often has a ‘win–lose’ zero-sum quality. Tactics centre on developing the negotiator’s own relative power, convincing the other party of the first party’s power and resolution, modifying the other party’s expectations, closely guarding information, and preventing the other side from using the same tactics. At the level of interpersonal communication, distributive bargaining typically involves strong assertions, selective responses, using the other’s statements tactically, and limited disclosure of feelings and underlying interests.

Integrative bargaining, by contrast, has the function of finding common or complementary interests and solving problems confronting both partners. It serves to optimise the potential for joint gains - expanding the pie - and hence often has a ‘win–win’ or varying sum quality. Tactics centre on the exchange of accurate information, the exploration of underlying interests, and the use of structured problem-solving techniques. At the level of interpersonal communications, integrative bargaining typically involves paraphrasing, active listening, minimising defensiveness, brainstorming, and disclosure of feelings and underlying interests. Indeed, many of their ideas of the integrative bargaining model appear to resonate with the core ideas of partnership as propagated by the TUC and IPA. For example, all of the ideas outlined below are identified by Walton and McKersie (1965) as being associated with an integrative bargaining approach:
• both parties recognise the legitimacy of the other party
• both parties identify areas of common interest
• the focus of bargaining is ‘problem solving’
• employer willing divulge information
• both parties share knowledge
• both parties proactively seek to pursue common goals

In addition, Walton and McKersie (1965) also discuss the importance of social-psychological issues, and in particular, the attitudes of actors towards each other and the relationships between them. Partnership is not just about decision making, but also with the issues of relationships, preferences and attitudes, and this may require unions to fundamentally redefine their relationships with employers and their membership (Terry, 2003). Walton and McKersie argue that ‘attitudinal structuring’ and integrative bargaining are generally mutually reinforcing, and that a degree of trust and friendliness is a requirement for integrative bargaining to take place. Clearly, if actors are to share knowledge and information, and expected to jointly devise solutions, a positive relationship is likely to be essential. Moreover, the relationship may improve over time, as the parties work together to identify areas of common interest and recognise the legitimacy of the other party. In the context of partnership this would suggest that the nature of the dynamic relationships between actors is crucial, in addition to the formal structures in place, and also highlights a need to explore such processes in detail.

So, returning to the original question, *is there such a thing as partnership?* A useful test can be drawn from the field of psychology (see for example Hackman and Wageman, 1995). Campbell and Fiske (1959) identify two dimensions: convergent validity and discriminant validity. The former refers to the degree to which there are a common set of prescriptions and assumptions. The latter refers to the degree to which partnership is readily distinguishable from other participation initiatives such as HRM, Employee Involvement, Stakeholding or High Performance Working. Only if partnership passes these two validity tests does it deserve detailed empirical examination as a separate and distinctive social phenomenon.
The partnership phenomenon

Testing convergent validity

Partnership appears to pass the convergent validity test. The variety of definitions notwithstanding and the different terms used, there is a high degree of agreement in the literature regarding the key assumptions and practices of partnership. The discourse employed in contemporary partnership agreements generally also appear to resonate with the ideas. Common themes include employee voice, job security, job satisfaction and trust. The record is not perfect however, for example employment security is at the core of most definitions, but is not part of all partnership agreements. At the core appear to be three main aims: employee involvement and participation, the idea of shared objectives, mutual gains and reciprocity, and a commitment to the success of the enterprise. It therefore appears that there is a significant degree of convergence among the practitioner and academic community as to the basic ideas of partnership, and it may just be how it has been sub-divided into categories which differs (Dietz, 2004; Terry, 2003).

Testing discriminant validity

To assess the distinctiveness we need to evaluate partnership in relation to some other comparison groups, such as Human Resource Management, Employee Involvement and High Performance Working, or Best Practice. Clearly, partnership also links back to debates on employee participation, joint-decision-making, employee involvement and industrial democracy. For example Taylor and Ramsey (1998, 117) suggest clear similarities between HRM and partnership in terms of the focus on the contribution of employee involvement strategies in achieving competitive advantage, and the ideas of shared objectives and interests between employers and employees. The definition proposed by Marchington (1998) certainly demonstrates how partnership is normally associated with various HR concepts, but it appears to be the values and behaviours which differ. It is suggested therefore that the degree to which partnership differs from earlier initiatives is more difficult to demonstrate, and critics would question whether partnership actually does represent anything new, especially as many of the practices outlined above have been around for a long time (see also Wray, 2004, 209).
For Ferner and Hyman, prior to 1997 “the notion of social partnership had an alien ring to the English” (Ferner and Hyman, 1998, p.xv), thus implying that they do believe that partnership does represent something distinctive. Yet there is the danger of caricaturing UK industrial relations as inherently conflict-ridden, when actually partnership can be traced back to the philanthropic approaches of Quakers, and the paternalism associated with employers such as ICI and John Lewis (Coupar and Stevens 1998; Kelly, 2004). Partnership approaches can also be traced to the 1940s, with post-war joint regulation demonstrating a renewed commitment to co-operation and consensus as part of the regeneration effort (Coupar and Stevens, 1998). In short, a moderate tradition of trade unionism has to some degree always been the norm in the UK even although this moderate tradition was eclipsed in the 1970s by a period of adversarialism (Ackers, 2002), and even then a national level Social Contract was attempted. Inevitably militancy has attracted much more media attention than co-operation, and it is periods of militancy which appear to have left the most memorable footprints.

Some are sceptical as to whether contemporary partnership agreements are different from traditional recognition agreements (Overell, 2003). As one Usdaw official frankly remarked, “I’m sure that many partnership agreements are really ordinary agreements with the word ‘partnership’ stuck on top. But partnership requires a completely new direction” (Usdaw official cited in IRS, 2000). This statement suggests that though not all partnership agreements may be genuine, a true partnership requires a shift in mindset rather than just a change in the language used in documentation. Some suggest that partnership may represent a shift in union attitudes from “reactive conflict resolution to active and intimate partnership relationship re-focused on consensus creation” (Ackers and Payne, 1998, 536), and therefore distinctive from 1980s TUC New Realism. The period of partnership has also been said to be evidence of a shift from a belief in the superiority of adversarial approaches, towards a belief in the superiority of co-operative approaches (Marchington, 1998). It has also been suggested that partnership represents a change in management attitudes, as managers have begun to acknowledge the ineffectiveness of instrumental managerially-driven EI alone, and the need to get
unions on board to make it work (Ackers and Payne, 1998; Wilkinson, 2002). The idea of mutuality also contrasts with earlier paternalistic participation innovations which tended to be more one way rather than underpinned by the notion of reciprocity upon which partnership is based (Marchington, 1998).

Another distinguishing factor are the pluralist undertones (IPA, 1998; TUC, 1999), and the notion that a combination of direct employee involvement and representative participation is likely to be most fruitful (Tailby and Winchester, 2005). In general, partnership in the UK is defined broadly in pluralist terms, i.e. how divergent interests can be reconciled. This contrasts with unitarist HRM/EI which focused upon a unity of interests. Again, the approach corresponds with the hybrid approach suggested by Guest and Peccei (2001) referred to earlier, and is arguably one of the key distinguishing factors of the current partnership debates. There is also an ethical dimension which offers a contrast to previous EI initiatives which were solely founded upon principles of business expediency (Ackers and Payne, 1998). As Knell (1999, 14) remarks “new partnership models are not offering starkly original conceptualisations of the employment relationship, or indeed specifying new methods to foster partnership in the workplace...however...a range of economic, social, technological and institutional factors are encouraging the adoption of new work organisation and labour management approaches which are consistent with partnership models (Knell, 1999, 14). It is this crystallisation of ideas which does seem to represent something ‘different’ from the past, or as Ackers et.al (2004, 41) put it “a distinctive period of some solidity, with its own specific dynamics”, different to previous periods of ‘industrial democracy’ or ‘employee involvement’.

Though the specifics remain contested, there appears to be a sufficient level of detail to enable us to observe and identify a credible instance of partnership (Dietz, 2004). It is argued that the definitions are sufficiently detailed to allow us to identify a fairly coherent – if not identical – ‘core’ of ideas under the partnership umbrella. To a lesser extent, there is also evidence to suggest that partnership is sufficiently distinctive to represent a departure from previous concepts. In other words, the
previous analysis enables us to justify that firstly there is such a thing as partnership, and secondly that it is distinctive from other concepts including HRM and EI.

**Why the interest in partnership?**

Having established that there is such a thing as partnership, the following section considers why interest in the concept has risen. It begins by exploring intellectual influences from continental Europe and the United States.

**Social partnership and the European social model**

Conceptual similarities are often drawn between the term partnership as it is used in the UK, and the European concepts of ‘social partnership’, and the ‘European social model’ (ESM). Ferner and Hyman define social partnership as (1998, xv-xvi):

> “What the idea of 'social partners' implies...is first a societal recognition of the different interests of workers and employees, second an acceptance – indeed encouragement of the collective representation of these interests; and third an aspiration that their organised accommodation may provide an effective basis for the regulation of work and the labour market. Implicit also is the notion that encompassing organisations (Olsen, 1982) and centralised regulations are the optimal features of an industrial relations system (Ferner and Hyman, 1998, xv-xvi).”

Social partnership in Europe therefore demonstrates a clear commitment to pluralism. Hyman (2004) stresses the need to distinguish between social partnership and partnership *tout court*. He suggests that linguistically social partnership is a Germanic invention, as an attempt to replace post-war class struggle in favour of social democracy in Austria. Ideologically, he suggests it has a basis in catholic social doctrine. Geographically, social partnership can be traced to countries including Austria, Belgium, Denmark, the Netherlands and Switzerland (Ferner and Hyman, 1998), although the German concept of ‘Sozialpartnerschaft’ is typically taken to illustrate the concept. In Germany, freedom of association is constitutionally guaranteed (*Koalitionsfreiheit*), and the role and responsibilities of the collective organisation of workers and employers are recognised through the legally based autonomy they receive from the state when protecting their members.
interests through free collective bargaining (*Tarifautonomie*). The system is also characterised by a high degree of structure of employers organisations and unions, collective bargaining at an industry and regional level, and multi-employer bargaining regulating the employment relationship. Indeed, the system has effectively extended the bargaining power of unions beyond their modest membership levels, and provided unions with a high degree of institutional legitimacy as the representatives of all employees (French, 2000).

Crucially, Germany is characterised by a dual system of industrial relations, with both a tradition of sector-level bargaining between industry unions and employers associations, as well as co-determination via works councils and employee representation on corporate supervisory boards. Collective bargaining occurs between employers and unions at the industry level. At the establishment level, works councils are distinct from unions, and their codetermination, consultation and information rights are enshrined in law: “*The employer and the works council shall work together in a spirit of mutual trust...for the good of the employees and for the establishment*” (German Works Constitution Act, 1972 cited in French, 2000). The system is said to promotes consensus, and outlaws strike action. Works councillors are elected by the entire workforce and not just union members, although traditionally works councillors have been active union members and have used their positions to promote the union agenda. This is complemented by employee representation on corporate supervisory boards, giving workers a voice when strategic decisions are being made. Besides the structure of collective bargaining in Germany, social partners have also held positions on important policy making bodies, most notably in relation to the often admired vocational and educational training system (French, 2000). Thus, the contrasts with the more voluntarist British model are stark.

The post-war German system of industrial relations has effectively been conferred ‘model’ status, described by Marsden as “*relatively peaceful industrial relations, co-operative and flexible work practices, a highly effective vocational training system and a powerful system of employee voice*” (Marsden, 1995, 5), although as
Hyman (2004) makes clear, social partnership is not a synonym for conflict-free industrial relations. Up until the 1980s the model was also thought to be adaptable to the changing economic environment. However, from the 1990s the challenges of unification and increased global competition have resulted in tougher economic conditions. This contributed to low growth rates, record bankruptcies, rising unemployment, a shift in the inward/outward investment ratio, and some relocation of production overseas. In industrial relations terms, there has been a fall in the organisational levels of unions and employers association, and as such a decline in collective bargaining coverage (French, 2000).

Despite the differences between different nations, the European Social Model is generally accepted as meaning that trade unions are accepted as legitimate social partners, with collective regulation strongly influencing individual contracts, and a general framework of employee representation supported by legislation or agreements between trade union federations and employers (Tailby and Winchester, 2005). Unsurprisingly, British trade union leaders paid greater attention to developments in Europe from the late 1980s especially in relation to the social dimension of European policies, given the inhospitable domestic political environment in the UK under Thatcher (Tailby and Winchester, 2005). Prior to this, UK trade unions had traditionally been suspicious of Europe, believing that the British tradition of voluntarism actually afforded them more power. In light of employer and government hostility, union interest in the European style industrial relations legislation increased. This included calls for a statutory recognition procedure, rights to organise in the workplace, a minimum wage, engagement with the European Social Chapter, and collective representation of workers even where unions are not present (Howell, 2005).

However, in recent years, the European Social Model has not been without criticism. Features of the ESM have been threatened in relation to high unemployment, slow economic growth and low cost competition from emerging economies. The recent example of the attempts of the French government to introduce the CPE (Contrat première embauche) or ‘first-job contract’ is an
interesting example of moves to try and address the inflexibility of the French labour market. The policy was designed to make it easier for employers to sack employees under 26 during a two year trial period, which the government claimed would alleviate youth unemployment. The controversial law was said to have been drafted without any prior consultation with unions or employer organisations, contrary to the law stating that the social partners are to be systematically consulted on the regulation of social issues (Lefresne, 2006, EIRO online).

Germany has also experienced recurring debates regarding the flexibilisation of working time and increasing the working week (Dribbusch, 2004; EIRO online, 2004). As unemployment rose to a post war high, Gerhard Schröder introduced a series of reforms in 2003 incentivising the long-term unemployed to seek work, and encouraging employers to hire low paid part time workers. Reforms also made it easier to hire temporary workers, to offer fixed term contracts and to terminate employment. Employment statistics illustrate attempts to make the labour market more flexible. Part-time working has doubled to 24% since 1991, and low paid jobs have increased from 2% in 1975 to 17% in 2005. Fixed term contracts have increased from 3% in 1985 to 14% in 2005, and among 15-30 year olds these account for 42% jobs. This had led to concerns that that a two-tier system is now evolving, between those with traditional full-time jobs, relatively high pay and legal protection, and those with lower pay, fixed-term contracts and no paid holidays (Financial Times, 27.10.06).

In Sweden, the 2006 election was won by Frederik Reinfeldt’s centre-right New Moderates alliance, who campaigned on the basis of moderate free market reform. Sweden may well be famous for the quality of public services and extensive welfare state, but again this has not been without criticism. Despite the strong economy it has been argued that too many young Swedes are unable to secure full-time employment, while many older Swedes are out of work claiming generous sickness benefit (Financial Times, 18.09.06). There has also been criticism regarding the way Sweden calculates unemployment figures, for example by excluding the long-term sick or young workers on make-work programmes, leading many to doubt the
accuracy of the 6% official figure. A study by McKinsey for example, estimated the true rate of unemployment to be around 15-17% translating into 1 million people out of work in a country with a population of 9 million. Again, criticisms have been made of the heavily regulated labour market, where unions exert great influence over contracts, have resisted flexible contracts and make it very expensive to terminate employment (The Economist, 07.09.06). In short, for some, the rigidity of the European Social Model is beginning to demonstrate acute adverse effects on competitiveness.

Interestingly, in the 1990s the European Commission also began to discuss the concept of partnership, which they have defined as:

“The concept of partnership includes...workers and managers in the firm. The renewal of the organisation of work, can only be achieved by the firms themselves, involving management workers and their representatives. This could lead towards a partnership for the development of a new framework for the modernisation of the organisation of work, taking account of the interests of both business and workers...Such a partnership could make a significant contribution to achieving the objective of a productive, learning and participative organisation of work (European Commission, 1997, 22).

There are clear similarities between the EU notion of a new European model (as set out in the EC Green Paper Partnership for a New Organisation of Work), as many of the concepts resonate with the British notion of partnership (Sisson, 1999), especially in relation the quid pro quo between employment security and protection versus the need for flexibility. This contrasts with previous debates under the leadership of President Jacques Delors who supported a more legislative interventionist approach. Recent debates, however, have centred around ideas of “negotiated flexibility” characterised by the need to deregulate some aspects of the labour market to increase competitiveness, as well as the possibilities of more flexible working time arrangements (EIRO Online, 1997). The new model centres around the notion of encouraging workplace flexibility in terms of both numerical flexibility, as well as flexibility in terms of work organisation and embracing new technology. Training is also viewed as central in terms of responding to organisational, economic and technological change. Moreover, the support for a combination of indirect and direct participation also resonates with UK style
The partnership phenomenon

In addition, the ‘open method of co-ordination’ (OMC) formally adopted at a summit in Lisbon in 2000, proposes a more voluntarist “flexible yet structured co-operation among Member States”, as opposed to main focus on the use of legislation (EC, 2002, 7), in preference for flexible frameworks of benchmarking and peer review rather than compulsory regulation (Sisson, 2005).

In other words, in an environment of global competition, the limitations of the European Social Model have begun to appear. As Sisson explains, “The problem in Europe was that legislation and rules of the game put far too much emphasis on security and static employment relations” (Sisson, 1999, 458). Table 2.4 below suggests that – to some degree – a convergence may be occurring. On the one hand, the traditional European model supporting employee and trade union rights admired by British trade unions has started to exhibit weaknesses in terms of competitiveness, inflexibility and high unemployment in a tough economic climate.

![Table 2.4](Image)

<table>
<thead>
<tr>
<th>Model</th>
<th>Key features</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>The European model</td>
<td>Strong trade unions, Collective bargaining, Legal Regulation (Employee rights)</td>
<td>Security, Relatively high pay, Inflexibility, lack of competitiveness, unemployment</td>
</tr>
<tr>
<td>The US model</td>
<td>Weak trade unions, Little collective bargaining, Management regulation (Management prerogative)</td>
<td>Insecurity, Relatively low pay, Flexibility, Competitiveness, Employment</td>
</tr>
<tr>
<td>The ‘new’ European social model</td>
<td>Flexibility, Security, Education and training, Direct participation (empowerment), Indirect participation (partnership)</td>
<td>Quality people, Quality goods and services, Competitiveness, ‘Good’ jobs</td>
</tr>
</tbody>
</table>

Source: Adapted from Bach and Sisson (2000, 34-35).

On the other hand the US model of weak trade unions and little collective bargaining may offer competitiveness and employment, but is weak in terms of delivering low job security and relatively low pay. The third model, optimistically, appears to combine the strengths and weaknesses of the two traditional approaches,
much in the same way as Blair’s ‘Third Way’ aimed to combine the strengths of US New Democratic neo-liberalism, and European left of centre social democracy (Undy, 1999). It suggests that flexibility, security, training and participation can actually be combined to deliver productivity, competitiveness and good jobs. In theory at least the countervailing pressures may actually be reconciled. It is extremely interesting, therefore, that there appears to be a degree of convergence. As Sisson remarks:

“The fact that it is possible to arrive at a similar position from very different starting points seems hardly a coincidence...it combines the best of the ‘HRM’ and the collective bargaining models...while at the same time minimising many of their weaknesses” (Sisson, 1999, 460).

However, it is important to remember that important differences remain between the UK and Europe, as well as between European countries, so as not to overstate the convergence thesis. In particular, the British model of corporate governance, tradition of voluntarism, and decentralised structure of collective bargaining remain important differentiating factors (Waddington, 2003). As such, with partnership in the UK attention has focused much more upon the workplace level rather than neocorporatist peak level social partnership1. Since 1979 the UK had not had a tradition of the tripartite co-operation of the IR actors, as the system of state intervention collapsed following the ‘Winter of Discontent’, strikes, and subsequent victory of Margaret Thatcher. In addition to the national level institutional structures of continental Europe, UK interest is also influenced by research in the US into ‘high performance workplaces’ and the notion of ‘the mutual gains enterprise’. It is to these influences that we now turn.

**US ‘mutual gains’ literature**

An influential literature has emerged from the United States drawing on the 1980s strategic choice literature, proposing that “achieving and sustaining competitive advantage for human resources require the strong support of multiple stakeholders in an organisation” (Kochan and Osterman, 1994, 223), and Rubinstein and

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1 There have been some peak-level structures e.g. bipartite Low Pay Commission but these are not thought to represent ‘institutionalised social partnership’ (Brown, 2000).
Kochan (2001) argue that unions can actually guide management in decision-making. The central argument is that the New Deal system of industrial relations devised by Roosevelt in the 1930s in the USA is failing. Though it was during the Great Depression that unions rose to prominence for the first time in the US, underpinned by the Wagner Act of 1935, the unionised sector has traditionally been overtly adversarial. Unions have focused their efforts upon distributive issues such as wages, hours and working conditions. They have been reluctant to engage in broader issues, and as such there has been limited opportunity of unions and employees to participate in decision making. Management resistance to unions is illustrated by attempts to shift establishments from the union to non-union sector, either by dis-establishing the union, or moving to the south or west where unions are weak (Wheeler, 1993). In short, the US New Deal system has generally been characterised by arms-length adversarialism based upon contract and compliance, leaving little scope for active co-operation, and union membership has fallen to 10%. As international competition increased in the 1980s issues around labour management conflict and labour management cooperation gained increasing prominence, evident from the influential work of Kochan et.al (1986), the establishment of a Bureau of Labor Management Relations and Cooperative Programs, and the 1978 Labor-Management Co-operation Act adopted by Federal Congress (Wheeler, 1993).

In the 1990s the debate around labour-management co-operation continued, and is often related to the influential ‘Mutual Gains Enterprise’ arguments by Kochan and Osterman (1994). They argue that there is a need for employee representation for four main reasons. Firstly, on the grounds that employee representation is an important component of a democratic society. Secondly, the distributive role they play especially in relation to workers at the lower end of the wage scale. Thirdly, they argue that unions can assist with workplace change and innovation, leading in turn to improved productivity, quality and economic gains (see for example Rubenstein and Kochan, 2001). Lastly, they suggest that further union decline is bad news for workers in organised industries such as airlines, paper and steel. They advocate the need for integration of partnership at a strategic, functional and
workplace level, and make clear that changes in rhetoric alone will not deliver effective outcomes or mutual gains. Accordingly, partnership will not automatically deliver mutual gains unless certain preconditions are met and unless voice is sufficiently institutionalised; they do not suggest that the approach is a panacea.

Table 2.5

<table>
<thead>
<tr>
<th>Principles guiding the mutual gains enterprise</th>
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<tbody>
<tr>
<td><strong>Strategic level</strong></td>
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<tr>
<td>Supportive business strategies</td>
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<tr>
<td>Top management commitment</td>
</tr>
<tr>
<td>Effective voice for human resources in strategy making and governance</td>
</tr>
<tr>
<td><strong>Functional (Human resource policy) level</strong></td>
</tr>
<tr>
<td>Staffing based on employment stabilisation</td>
</tr>
<tr>
<td>Investment in training and development</td>
</tr>
<tr>
<td>Contingent compensation that reinforces co-operation, participation and contribution</td>
</tr>
<tr>
<td><strong>Workplace level</strong></td>
</tr>
<tr>
<td>High standards of employee selection</td>
</tr>
<tr>
<td>Broad task design and teamwork</td>
</tr>
<tr>
<td>Employee involvement in problem solving</td>
</tr>
<tr>
<td>Climate of co-operation and trust</td>
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</tbody>
</table>


Their model suggests the need to integrate workplace level, functional level and strategic level policies. At the workplace level they suggest selective recruitment, attention to job design and career paths, empowerment, and high trust. They make clear that this does not mean organisations will be conflict-free, but that rather resolved more effectively and efficiently. At a personnel policy level, they suggest employment security, investment in training, and innovative pay systems. At a strategic level, they propose the need for a compatible business strategy, values, management commitment and effective voice for human resources in strategy and planning. Drawing on a range of exemplars to support their argument, they suggest that “when these principles are properly operationalised they will come together in the form of an integrated business system that, other things being equal, will
produce globally competitive business results as well as globally competitive standards of living for employees” (Kochan and Osterman, 1994, 58). Well cited examples include developments at New United Motor Manufacturers Inc (NUMMI) and the relationship between GM Saturn and the UAW. Of course, this is not to suggest that the pluralist view of the above authors is dominant in the American context of union decline, a ‘fast buck’ business mentality, and the birthplace of unitarist human resource management. For this reason labour management co-operation in the US is perhaps best viewed as a last ditch to save unions in a country where union membership has fallen to around 10%. Nevertheless it does provide another reference point for the UK in addition to the continental influences, and the similarities are clear. It is also important to emphasise their point that such a model will not automatically deliver mutual gains; employee voice must be heard and institutionalised. Again, it also needs to be stressed that the focus of such work is at the enterprise level.

Some of the other US literature is more difficult to compare because of the use of different categories including ‘high performance workplaces’ and ‘high performance work organisation’ (Appelbaum et.al, 2000; Huselid, 1995; MacDuffie, 1995; Osterman, 2000; Wood and de Menezes, 1998). However the main difference, perhaps, are the more unitarist assumptions which underpin such literatures, i.e. the suggestion that there is a chain reaction in terms of high trust working, employee commitment and superior organisational performance, and less of a commitment to employee representation. Though this may qualify under unitarist definitions of partnership, it contrasts with the dominant UK model, which has tended to be founded upon a hybrid of pluralist and unitarist assumptions, and has not viewed such interventions as evidence of partnership per se (Guest and Peccei, 2001). This is not to suggest that partnership organisation would not also be classed as a high performance workplace, but that a high performance workplace need not necessarily meet the partnership criteria.
Chapter 2

The importance of the public policy context

Having provided an outline of the concept of partnership and the various intellectual references points, this chapter now focuses on the contextual factors surrounding the development of partnership in the UK context. As suggested earlier, the notion of joint-working and workplace collaboration is not new (Martinez-Lucio and Stuart, 2002; Kelly, 2004b); rather the idea of ‘enlightened’ consensual relations draws from a long history of modernisation in British industrial relations (Ackers et.al, 2004; Marchington, 1998). Indeed, worker participation has been a constant theme in British industrial relations and interest has waxed and waned over time (Ackers et.al, 2004; Marchington et.al, 1992). A desire to improve industrial relations can be traced back to the Mond-Turner talks of the 1920s through the Whitely Commission recommendations of greater involvement through joint industrial councils, which became enacted after the Second World War. Again, poor IR resulted in the Donovan Commission’s recommendations of IR reform in the 1960s, and the Bullock Report recommendations for the development of worker directors and greater company control for unions in the 1970s (Stuart and Martinez-Lucio, 2004a). For Ramsey (1977) employer interest in co-operation rose and fell depending on the dynamic balance of power between labour, capital and the state, resulting in ‘cycles’ of participation. Ackers et.al (1992) suggest that this theory is too deterministic, and that ‘waves’ of participation may be a more appropriate metaphor. They propose that other factors may also be important including factors internal to the organisation, as well as external societal factors.

It is widely perceived that there has been a lack of legal foundation of collective bargaining in the UK, with government preferring to leave employers and unions to decide, but there is a danger of underestimating the role of the state in the British model. Admittedly, there has been no positive right to strike, in preference for a system of ‘immunities’ protecting unions from liability, but this does not mean the government have been inactive. On the contrary, government has played an important role as an economic manager, as a legislator, and as an employer (Blyton and Turnbull, 2004). In particular, the notion that British unions have operated in
an environment of ‘collective laissez faire’, developing as a result of their own strength and power, has been challenged by Howell (2005). He contends that this is actually a myth, and that state policy has indeed been very important for many industries, and identifies three distinctive historical periods: industry bargaining from the late nineteenth century to the Second World War, workplace bargaining from the 1950s to 1970s, and individualised bargaining within unions from the 1980s. Crucially, he proposes that the state was central to the construction of each IR system, for example by removing wages from competition in Phase 1, and supporting the shift to decentralised workplace bargaining in Phase 2. The decollectivisation of industrial relations in the 1980s illustrates the extent to which unions relied upon state support, when the Thatcher government was hostile to collective bargaining and trade unions, and systematically dismantled hitherto taken for granted state support.

Table 2.6
Union representation in the UK, 1980-2004

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<thead>
<tr>
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<tbody>
<tr>
<td>Union presence</td>
<td>73</td>
<td>71</td>
<td>54</td>
<td>41</td>
<td>36</td>
</tr>
<tr>
<td>Density</td>
<td>62</td>
<td>58</td>
<td>48</td>
<td>36</td>
<td>34</td>
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<tr>
<td>Recognition</td>
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<td>66</td>
<td>53</td>
<td>33</td>
<td>27</td>
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<tr>
<td>CB</td>
<td>-</td>
<td>71</td>
<td>54</td>
<td>41</td>
<td>27</td>
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<tr>
<td>JCCs</td>
<td>34</td>
<td>34</td>
<td>29</td>
<td>29</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: Kersely et.al, 2006; Millward et.al, 2000

1980s neo-liberalism led some to question whether Britain was experiencing “the end of institutional industrial relations” (Purcell, 1993), and Metcalf has proposed that the unions are still facing the question of ‘resurgence’ or ‘perdition’ (Metcalf, 2004). Union membership has fallen from a peak of 13 million in 1979 to 5.5 million, and is heavily skewed towards public sector membership (60%), rather than the private sector (under 20%). The WIRS/ERS series of data illustrates this decline. In 2004 only 14% workplaces had a joint consultative committee, although 25% did not have a workplace level committee but had a committee at a higher level in the organisation. Finally, 42% of employees worked in workplace
with a workplace-level joint consultative committee, down from 46% in 1998 (Kersley et.al, 2006).

Traditional explanations for changes in union membership include changes in the business cycle, the role of the state, change attitudes of employers and employees, changes in workforce composition, and the strategies of unions themselves (Metcalf, 2004). Membership is still higher than in many other EU countries, although it must be remembered that even where unions do have lower membership, this underestimates their stronger institutional influence. In Germany and France membership density may only be 23% and 8% respectively, yet bargaining coverage is estimated at 92% and 95% respectively. Conversely, bargaining coverage in the US and New Zealand is 18% and 31% respectively (OECD, 1997, 71).

<table>
<thead>
<tr>
<th>Countries</th>
<th>2003 (%)</th>
<th>1970-2003 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>12.4</td>
<td>-11.1</td>
</tr>
<tr>
<td>Canada</td>
<td>28.4</td>
<td>-6.5</td>
</tr>
<tr>
<td>Australia</td>
<td>22.9</td>
<td>-27.3</td>
</tr>
<tr>
<td>New Zealand</td>
<td>22.1*</td>
<td>-33.1</td>
</tr>
<tr>
<td>Germany</td>
<td>22.6</td>
<td>-9.5</td>
</tr>
<tr>
<td>France</td>
<td>8.3</td>
<td>-13.4</td>
</tr>
<tr>
<td>Italy</td>
<td>33.7</td>
<td>-3.3</td>
</tr>
<tr>
<td>Finland</td>
<td>74.1</td>
<td>+22.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>78.0</td>
<td>+10.3</td>
</tr>
<tr>
<td>Norway</td>
<td>53.3</td>
<td>-3.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>70.4</td>
<td>+10.1</td>
</tr>
<tr>
<td>UK</td>
<td>29.3</td>
<td>-15.5</td>
</tr>
</tbody>
</table>


The stronger institutional voice of some other European unions notwithstanding, the table highlights that trade union decline is a global phenomenon. Out of the 12 countries selected for comparison, trade unions have declined in the USA, Canada, Australia, New Zealand, Germany, France, Italy, Norway and the UK. Only in the
Scandinavian countries of Finland, Sweden and Denmark has union density increased.

Moreover, aggregate statistics reveal little about the realities of union activities at the workplace, although specific statistics do provide an indication. There is little doubt that UK trade union influence has been severely curtailed, and led to some commentators referring to the development of a ‘representation gap’ in many workplaces (Towers, 1997). Besides the pessimistic statistics is the suggestion of a decline in union influence even where they are still recognised (Brown et.al, 2000). For example union recognition for collective bargaining has become a less reliable indicator as studies suggest a ‘hollowing out’ of unions even where they are present, illustrated by the WERS98 revelation that there are a high level of workplaces with union recognition but no collective bargaining coverage (Millward et.al, 2000). This trend is again apparent in WERS04 in terms of joint regulation generally, and not just pay bargaining (Kersley et.al, 2006, 193-196). More optimistically perhaps, decline in recent years has begun to slow, although again there are stark differences between trends in the public and private sector.

Public policy and interest in partnership

Given the bleak environment for unions and a decline in collective employment relations generally, it is useful to review the attitudes of various stakeholder bodies to partnership including the government, IPA, trade unions, employer bodies and employers.

Government and the politics of partnership

Firstly, interest in partnership did not occur in a political vacuum; indeed government endorsement is typically identified as one the major reasons for the proliferation of partnership in the late 1990s (Terry and Smith, 2003). To be fair several of the pioneering agreements precede the change of government, and can be
traced back to the early 1990s, for example the early agreements at Welsh Water (Kelly, 2004b; Thomas and Wallis, 1998; Terry and Smith, 2003). Kelly (2004b) also identifies various ‘generations’ of agreements, and suggests 1980s style ‘no strike’ single union deals may be regarded as ‘first generation’ partnership agreements. Despite these caveats, partnership has been a central plank of New Labour’s government commitment to the ‘modernisation’ of employment relations (Stuart and Martinez-Lucio, 2004a), and most commentators acknowledge their importance in relation to the diffusion of the concept after their election on 1 May 1997. New Labour and their ‘Third Way’ principles supposedly represented an alternative to macho-management and traditional arms-length adversarialism, questioning the supremacy of market forces and individualism (Stuart and Martinez-Lucio, 2004a). Theoretically, this parallels the work of Giddens (1998) who claimed to strike a ‘third way’ between old style social democracy and neo-liberal free enterprise, of importance not only in the workplace, but also in wider society generally (Ackers, 2002). It also accords with the arguments of Hutton (1995) that British capitalism has focused upon short-term profit maximisation, at the expense of long term investment in the economy and wider social values and cohesion.

In 1997 Blair declared “there is no place for militant trade unionism or uncaring management today. Partnership is the key. That is the only language the New Labour government will respect”, and suggested that he offered unions “fairness not favours” (DTI, 1998), in other words attempting to balance the interests of both business and trade unions, as well as public opinion. The government also signed the EU Social Chapter which the previous Conservative government had been unwilling to sign. In 1998 the Government White Paper ‘Fairness at Work’ reinforced the message that success was to come from partnership rather than militancy:

“‘The White Paper is part of the Government’s programme to replace the notion of conflict between employers and employees with the promotion of partnership...already modern and successful companies draw their success from the existence and development partnership at work’” – Tony Blair (DTI, 1998)
There has also been a shift towards more government regulation, especially in relation to individual employment rights e.g. National Minimum Wage, EU Working Time Directive and Statutory Union Recognition (see Employment Relations Act 1999), information and consultation, and equality/discrimination provisions (Ackers et.al, 2004; Dickens and Hall, 2006). Oxenbridge et.al (2003) suggest that the change in government attitudes may have had an important catalytic effect in encouraging a less hostile attitude of employers to unions. It appeared that the government were promoting partnership generally, as well as through direct encouragement in their role as an employer (Stuart and Martinez-Lucio, 2004a). The most obvious endorsement was the creation of the Department of Trade and Industry’s Partnership Fund, which offered funding of up to £50,000 for projects aimed at improving employment practices and joint-working (Terry and Smith, 2003). It has been suggested that given a historic preference for voluntaristic structures and abstention, notwithstanding the caveats raised earlier, government involvement and endorsement of a particular modus operandi after eighteen years of Conservative government “represents a considerable innovation” (Terry and Smith, 2003, 5).

On other hand, the government was not interested in creating a corporatist level European-style system of social partnership between itself, the TUC and the CBI. Possible reasons include not wanting to appear to be too close to the unions, a lack of interest from the CBI, the fact the TUC was in a weakened state, and the strength of the economy. The failure of the Social Contract was also probably at the forefront of Labour’s mind. Though there was little state support for tripartism, the government did encourage bi-partism i.e. between the TUC and CBI on issues such as the National Minimum Wage and trade union recognition. The government also set up many quasi corporatist ad hoc taskforces in preference to a permanent tripartite social partnership structure preferred by the TUC (Undy, 2001), and retained the right to modify policy outcomes, normally in the direction more favourable to employers (Howell, 2005). In short, the government was more supportive of workplace level partnership but was reluctant to provide a new national architecture of statutory support.
In 2002, the government published High Performance Workplaces which interestingly focused on the efficiency aspects of participation as opposed to the ideas of citizenship:

“Modern, high performing workplaces...built on the simple insight that individuals are more likely to give of their best if they feel valued and are given the opportunity to contribute their ideas; and that people who are well prepared for change can help to introduce it, and thereby help secure employment within the business” (DTI, 2002, 13, High Performing Workplaces).

Fairness and competitiveness were argued to go hand in hand, although admittedly “fairness is in the service of competitiveness, not the other way round; it is the junior partner” (Howells, 2005, 177). The government also provided union rights to have ‘learning representatives’ to encourage employee skill development especially at the lower end of the labour market, and promoted family friendly working. Family friendly provisions have included improvements to maternity leave and pay, the introduction of paternity and adoptive leave, and a duty on employers to give ‘serious consideration’ to parental or carer requests to work flexibly (e.g. in terms of hours, times or location) (Dickens and Hall, 2006).

As an employer, the state has been involved in promoting partnership initiatives in the public sector. However, the state has been more of a supportive mechanism than as a direct actor (Stuart and Martinez-Lucio, 2004b). Thus while the 1980s were heavily influenced by the US neo-liberal model of employment relations, the end of the 1990s and the beginning of the new Millennium witnessed some shift towards the European Social Model (Ackers et.al, 2004), balancing the opposing forces of Europeanisation and Americanisation in British employment relations (Edwards, 2003; Hyman, 2003). Again, at the TUC 2004 conference Blair said that he was there “to praise social partnership, not to belittle it...the true face of modern trade unionism is not to be found in the exception of industrial breakdown, but in the broad rule of social partnership and progress”. In July 2004 the government also made commitments at the National Policy Forum in Warwick in the document Full Employment and Modern Working in Britain. These include, inter alia, pledges to increase statutory redundancy pay, guarantee four weeks holiday for all, and new
childcare schemes. This cannot be overlooked given the policy of government abstention between 1979 and 1997 (Terry, 2003).

However, this is not to say that the government has not been criticised, in particular for its minimalist soft touch approach to the implementation of EU Directives on, inter alia, information and consultation, working time and fixed-term contract workers (Hall, 2006; EIRO online, 2006). Others have highlighted the many continuities with the Conservative government in terms of the general policy thrust, despite some changes in terms of greater legal regulation (Dickens, 2002; Howell, 2005; Smith and Morton, 2006; see also Waddington, 2003).

**Involvement and Participation Association**

Another key player in the partnership arena has been The Involvement and Participation Association, established in 1884 as the ‘Labour Association for Promoting Co-operative Production based on the Co-partnership of the Workers’, or Co-Partnership for short. They emerged following the upsurge in labour militancy across Europe in the 1870s and the birth of the modern labour movement. Organisations such as Co-Partnership aimed to counterbalance the Marxist ideals of class struggle, with profit-sharing and notions of labour management co-operation (Kelly, 2004b). Again, this reinforces the long history of the notions of cooperation and partnership; indeed in 1894 a new periodical, Labour Co-Partnership, was launched “to advocate cooperative production based on the co-partnership of the workers” (Economic Journal, 1894). The IPA offer guidance and promoting best practice is relation to partnership working, and have been particularly influential in policy circles, for example working with the DTI Partnership Fund (Stuart and Martinez-Lucio, 2004a) as well as with Acas. It is noteworthy that Acas have also prioritised their advisory work at “helping organisations develop partnership approaches, working alongside the DTI Partnership at Work Fund” (Acas, 2003, 10). Acas advisors and conciliators have helped negotiate both voluntary union recognition deals as well as partnership deals (Oxenbridge and Brown, 2004c, 174).
The IPA also devised ‘commitments’ and ‘building blocks’ for partnership (IPA, 1997, 2)

- Success of the enterprise
- Building trust and greater employee involvement
- Recognising the legitimate role of partners
- Recognition of the company need for flexibility and the employees need for employment security
- Sharing success within the company
- Informing and consulting staff at the workplace and at company level
- Representation of the interests of employees

In other words, the idea that partnership in Britain has developed solely at a workplace level without any support from external institutional actors is clearly a myth.

**Trade Union Congress and trade unions**

During the Conservative administration and in the context of decline the TUC attempted to reinvent itself under the ‘New Unionism’ project, perhaps partly in anticipation of a Labour victory. Central to this campaign was an attempt to re-brand trade unions as “part of the solution” (TUC, 1997), rather than part of the problem. After the election of New Labour in 1997 the TUC also embraced the concept of partnership, realising there was to be was to be no return to the militant unionism of the 1970s. In a nutshell for the TUC “adversarialism was out and cooperation was in” (Undy, 1999, 641). This is not to say that there was unanimous union support for partnership among unionists. In particular the National Union of Rail, Maritime and Transport Workers (RMT) and the Associated Society of Locomotive Engineers and Firemen (ASLEF) were generally more in favour of a militant policy (Undy, 1999), in a similar way to the New Directions supporters in the US. Nevertheless, the Trade Union Congress also developed an interest in partnership founded on six principles (TUC, 2002, 2):
The partnership phenomenon

- Shared commitment to the success of the enterprise
- Recognition of legitimate interests
- Commitment to employment security
- Focus on the quality of working life
- Openness
- Adding value

These can be viewed as a mix of aspiration, prescription and practice (Stuart and Martinez-Lucio, 2004b). As John Monks stated in 2002, partnership appeared to be the only game in town:

“There is no alternative to capitalism that I can see...are we to have US model with few rights for workers, the authoritarian model of the East Asian tiger economies, or the European model of social partnership...for small countries like us I think it [partnership] is the only model.”

Of course, organising can be presented as a possible alternative strategy for unions (Heery, 2002), but this has had limited success in the UK. The TUC also set up a Partnership Institute (PI) which acted as a consultancy and training body for organisations interested in developing partnership working – “a centre for best practice in workplace partnerships, designed to help unions and employers develop effective working relationships, which improve productivity, workplace performance and the quality of working life for employees”. (TUC, 2003). The Institute was set up to offer training and advisory services, facilitate organisational networking, and to research and sponsor partnership in the policy debate (TUC, 2002). Interestingly the TUC also engaged with the government’s High Performance Workplace discourse (TUC, 2003). This is important given that previously the TUC has been reluctant to engage with ‘business objectives’ (Oxenbridge and Brown, 2004c), again mirroring union reluctance in the US of being perceived to be too close to management.

However, trade union interest must be placed in the context of dramatic union decline outlined earlier (Terry, 2003). Perhaps less encouraging is the evidence that in some cases partnership has been offered to unions on a ‘take it or leave it’ basis (Bacon and Storey, 2000; IDS, 2000). For example at Blue Circle, United Distillers and Allied Domeq partnership was ‘agreed’ in a context of possible plant closure or union de-recognition. In addition, management at Tesco, National Power and Legal
and General are all reported to have considered the option of union de-recognition before opting for the partnership route (Kelly, 2004a, 2004b). In short, many partnerships were agreed in the context of union weakness (Wills, 2002), suggesting that in several cases the stark choice for several unions may have been ‘partnership or perish’ (Ackers et.al, 2004).

This point is reinforced by Terry (2003, 468) who states that “it is undeniable that partnership reflects union weakness, that at least early on many union representatives were deeply suspicious of the partnership approach, and that often partnership agreements owe their existence and much of their content to strong managerial pressure or the threat of de-recognition”. Similarly, for Kessler and Purcell (2003, 333), “social partnership might simply be interpreted as a pragmatic union response to new and more difficult circumstances...where management has the power to assert its prerogative it is likely to do so. Partnership might be seen as a ‘best case’ managerial strategy in increasingly rare instances of ongoing union strength...where management is in a powerful position, it has little need to become engaged in partnership agreements”. This cannot be explained in terms of Ramsey’s cycles of participation as, given the context of union weakness, management has no need to attempt to incorporate trade unions (Ramsey, 1977).

Recently, however, the question is whether support among union leaders has started to wane, especially with the election of a new ‘awkward squad’ of trade union leaders such as Bob Crow (RMT) Bill Hayes (CWU), Tony Woodley (T&G) and Derek Simpson (Amicus) (Guardian, 12.09.04; Guardian, 19.09.04). For Derek Simpson “Partnership means the gaffer telling you what he’s doing and that’s it. It means nowt” (quoted in the Guardian, 14.09.03). The TUC also withdrew support from their Partnership Institute and this was met with rumours that it had been “dumped” (Personnel Today 05.04.05), and suggestions that this was symbolic of interest in partnership waning especially under the leadership of Brendan Barber, following the departure of John Monks to become General Secretary of the ETUC in 2003. A study by Heery (2006) also found that only 20% union officers expressed a strong commitment to pursuing labour management partnership, while
37% reported that their union was strongly committed to this objective. Rather union officials priorities appeared to be recruiting new members (84%) and rebuilding workplace organisation (85%). Indeed, commitment to partnership was the lowest of the seven objectives included in the survey (Heery, 2006), suggesting support of union officials for partnership may indeed be waning.

**Employer bodies**

Interestingly, support from employer bodies such as the Confederation of British Industry (CBI), Institute of Directors (IoD) and Chartered Institute of Personnel and Development (CIPD) is less clear, and leads to questions of employer ambivalence or disinterest. For example, commenting on the DTI Partnership at Work Fund, the Institute of Directors have stated that, “It is difficult to believe that central government funding is required to enable employers and employees to work together in harmony for the good of the enterprise” (IoD, 2002, 47). The CBI have also been ambivalent regarding the need for the third party involvement of a trade union. In 1999 Clive Thompson stated how:

“I believe strongly in partnership between a company and its employees, but I fail to see that a union is necessary to make it work. We mustn’t fall into the trap of thinking partnership must mean unions. Of course it can, but what’s right for one company is by no means right for all. By all means let’s have partnerships – partnerships that really are between employers and employees. Let’s have union involvement, but only where companies believe this can genuinely add value” (Clive Thompson, CBI President, Financial Times, 24.06.99).

As John Cridland, Deputy Director of the CBI argued at a seminar on high performance working, it is direct rather than indirect consultation which improves employee commitment and performance, and that “direct involvement of staff remains the key to progress”. The CBI also vehemently opposed the EU Information and Consultation Directive arguing that, “Business sees no need for regulation of information and consultation. On a list of national priorities this would come pretty far down” (Cridland, 2004)
In short, the CBI has tended to express a strong preference for a voluntary route on almost every issue. This contrasts with the view expressed by Ackers and Payne (1998) that perhaps employers are beginning to realise that good ethics make good business sense. More recently the CBI view still appears to oscillate. Digby Jones was quoted in 2004 as commenting at a CBI dinner in Glasgow that trade unions were “becoming increasingly irrelevant everyday” (Digby Jones cited in The Scotsman, 03.09.04), while in the same year John Cridland proposed that “Unions that work with companies to enhance productivity and performance have a legitimate role to play” (quote from conference, 24.11.04). Brendan Barber suggested that such comments were “disappointingly Thatcherite”, and at the 2006 TUC conference there was applause and cheerfuling at the news that Jones had retired.

CIPD support for partnership has also been more cautious stressing that there is no one best model of consultation and that the size, history and culture of the organisations will determine whether a works council, employee forum, direct consultation or partnership will be the most appropriate form (Personnel Today, 22.07.03). Nevertheless, the Director General stated in 2003:

*The bottom line is that you have to be competitive whether you are unionised or not - the customer imperatives won't let you do otherwise. It means partnership really is the only game in town. I hope this new generation of leaders understands how little can be bargained for these days.”*(Geoff Armstrong, Director General CIPD, Financial Times, 05.08.02).

Again a recent CIPD report by Mike Emmott argues that “the management agenda has shifted irresponsibly from the collective relationship to the individual [relationship]”, and that the reality is no longer mainly about trade unions. Rather, there has been increased emphasis on issues including direct communication, managing change and motivating staff, and a shift from a focus on institutions to a focus on building relationships. He also points out that traditional notions of ‘industrial relations’ do not really exist outside the public sector, and that “the language echoes of a historical era” (16), and proposes that the concept of the collective relationship is increasingly unrepresentative of most workplaces, with managers increasingly communicating with individual employees, groups and the
workplace as a whole. In short, the CIPD take the pragmatic view that unions may be useful where this is what employees want, but acknowledge that many employers are now focusing much more on individual issues of the psychological contract (Emmott, 2006).

**Employer interest**

Several reasons seem to account for management interest in the notion of partnership. Managements may have realised that they had to bring unions on board in terms of decision-making, especially in light of the election of the New Labour government (Ackers and Payne, 1998). This could be as the result of the limitations of using direct EI mechanisms alone (Wilkinson, 2002), and the limited success of the ‘tired HRM project’ (Martinez-Lucio and Stuart, 2004). A similar point is made by Terry (2003) who questions whether the partnership at Tesco is evidence of HRM’s failure to meet expectations. Other factors have been said to include the challenges of privatisation, increased international exposure, and to improve productivity and competitiveness (Oxenbridge and Brown, 2004b).

Typical motives where partnership agreements have been signed include: financial problems, to win public sector contracts, facilitate change, implement quality initiatives or harmonise terms and conditions (Brown, 2000; Oxenbridge and Brown, 2002, 2004b). Other reasons may include frustration with adversarial management-union relations, awareness of forthcoming European legislation such as the ICE Regulations, and to improve employee commitment. Deakin et.al (2004) suggest that an economic rationale centred around issues such as enhanced full exploitation of enhanced technical complementarities in production, knowledge sharing, creation and diffusion, and enhanced organisational learning may also have been important. A more cynical reason, perhaps, is to improve corporate image and win PR points, or conversely to avoid the negative publicity de-recognition or poor industrial relations could attract (IRS, 2003; Wills, 2004). This is especially important in the context of service organisations where organisations such as Barclays or Tesco would be highly vulnerable to negative media coverage. Indeed, Tesco job adverts in the US for HR professionals in Arizona and California which
suggested the post holder would be expected to keep the company ‘union-free’ quickly attracted the attention of the UK media (Financial Times, 26.05.06). In other words employer interest appears to reflect pragmatism, and where unions are already entrenched attempts appear to have been made to make relationships more positive and constructive. As WERS04 confirms, compared to public sector managers, private sector managers were more sceptical of the value of trade unions, more likely to prefer consulting directly rather than engaging in consultation with unions, and were more of the view that decisions are best taken by senior managers, and seemed to be less engaged with consultation while making decisions (Kersley et.al, 2006) Although statistics for the number of partnership agreements is difficult to obtain for reasons of definitional ambiguity as well as the use of pseudonyms in the research literature, a review suggests around 50 exist (Table 2.8), although others estimate the true number to be at least 150 (Samuel and Bacon, forthcoming).

### Table 2.8

Partnership agreements in the UK

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Industry</th>
<th>Source(s)</th>
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</thead>
<tbody>
<tr>
<td>Abbey National</td>
<td>Finance</td>
<td>IRS, 04.07.03 issue 779</td>
</tr>
<tr>
<td>Allied Domecq</td>
<td>Food and drink</td>
<td>Marks et.al., 1998; IPA case study, 2001; Dietz, 2004)</td>
</tr>
<tr>
<td>Appor Ltd</td>
<td>Manufacturing</td>
<td>Knell, 1999</td>
</tr>
<tr>
<td>Asda</td>
<td>Retail</td>
<td>Taylor and Ramsey, 1998</td>
</tr>
<tr>
<td>AWE plc</td>
<td>Defence</td>
<td>IPA case study, Dec 2002</td>
</tr>
<tr>
<td>Barclay’s Bank</td>
<td>Finance</td>
<td>Gall (2001); Wills (2004)</td>
</tr>
<tr>
<td>Blue Circle</td>
<td>Cement</td>
<td>IPA 1997 report; IRS, 15.08.97 issue 638</td>
</tr>
<tr>
<td>Borg Warner</td>
<td>Vehicle components</td>
<td>Knell, 1999; Suff and Williams, 2004; IPA case study, 2001; Dietz, 2004</td>
</tr>
<tr>
<td>BA</td>
<td>Transport</td>
<td>Harvey, 2001; Turnbull et.al, 2004</td>
</tr>
<tr>
<td>British Nuclear Fuels/Westinghouse</td>
<td>Nuclear fuel</td>
<td>IRS, 04.07.03 issue 779</td>
</tr>
<tr>
<td>Civil Service</td>
<td>Public services</td>
<td>Beale, 2004; Badigannavar and Kelly, 2004; Richardson et.al, 2005</td>
</tr>
<tr>
<td>Co-operative Bank</td>
<td>Finance</td>
<td>Bacon and Storey (2000)</td>
</tr>
<tr>
<td>Elementis Chromium</td>
<td>Chemical</td>
<td>Knell, 1999</td>
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<tr>
<td>Emhart Fastening Technologies</td>
<td>Manufacturing</td>
<td>IPA case study, 1998</td>
</tr>
<tr>
<td>FSL Fleet Support</td>
<td>Shipbuilding</td>
<td>IRS, 15.05.99 issue 680</td>
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<td>Harvey Nichols</td>
<td>Retail</td>
<td>IRS, 04.07.03 issue 779</td>
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<tr>
<td>Herga Electric</td>
<td>Manufacturing</td>
<td>Knell, 1999</td>
</tr>
<tr>
<td>HP Bulmers</td>
<td>Food and drink</td>
<td>Knell, 1999; IPA case study 1998</td>
</tr>
<tr>
<td>Huhtamaki</td>
<td>Packaging</td>
<td>IRS, 04.07.03 issue 779</td>
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</table>
Certainly, an environment of workplace change and renewal seems likely to have influenced interest in management and union circles vis-à-vis the role trade unions can play (Stuart and Martinez-Lucio, 2004a). Agreements have also appeared where there has been major industrial conflict leading to an attempt to create more co-operative relationships, for example Barclays Bank and Legal and General in the finance sector (Kelly, 2004a). This raises the importance of understanding the rationale for partnership, and in particular whether it was a reactive response to a critical incident, or whether it was part of a more proactive effort to improve the quality of employment relations. It is also important to remember that not all employers have bought in to the idea of partnership, but rather have been stymieing campaigns for union recognition in the private sector including Orange, Telewest, T-Mobile and BSkyB (Gall, 2004, 2005).
Early debates: nirvana or dead end?

This section moves on to explore the key debates which have emerged in the partnership literature. Most commentators acknowledge a polarised debate in the literature, regarding firstly the potential of partnership as a union revitalisation strategy, and secondly the extent to which the perceived mutual gains are actually realisable (Martinez-Lucio and Stuart, 2004; Oxenbridge and Brown, 2004a, 2004b; Roche and Geary, 2004; Stuart and Martinez-Lucio, 2004b; Terry and Smith, 2003).

On the one hand, advocates argue that partnership may offer an opportunity for unions to extend their representative capacity. Ackers and Payne (1998, 531, 546) argued that partnership “offers British unions a strategy that is not only capable of moving with the times and accommodating new political developments, but also allowing them a hand in shaping their own destiny” and “provides an opportunity for British unions to return from political and economic exile”. They suggest that partnership offers unions a new opportunity following the neo-liberal legacy of the Thatcher government, and as such may be seen as a way for ailing unions to regain influence, membership and legitimacy. As such they believe partnership is of importance not only at the workplace level, but also in terms of the wider changing political and societal context. Similarly, Boxall and Haynes (1997) suggest that partnership unionism offers unions a potential survival strategy in neo-liberal environments, by combining servicing and organising approaches aspects, and blending their traditional role with more modern approaches. It is certainly true that union elites appear to have been attracted to the potential of a new role in the regulation and managing of work (Stuart and Martinez-Lucio, 2004b), which is unsurprising given that many have found themselves out in the cold in recent years.

Advocates are attracted by the idea of mutual gains bargaining over employment security, flexibility, development and involvement (Kochan and Osterman, 1994). They suggest that employers may benefit from a new cadre of representatives, improved relations with unions, and assistance with the facilitation of change. In turn unions may benefit from more influence, access to information, job security and inter-union co-operation (Marchington, 1998). Employees are also said to
benefit from greater job security, training, quality jobs, good communication and a more effective voice (Guest and Peccei, 2001; Kochan and Osterman, 1994; Knell, 1999). Most enthusiasm has been from policy makers and practitioners including the IPA, TUC, and DTI, while supportive academics have normally been more cautious in their endorsement. The TUC argue that unions can contribute to organisational success by, for example, increased transparency making conflict less likely, increasing the legitimacy of decision-making, and contributing to increased employee commitment (TUC, 2002, 4). They suggest that unions and workers are likely to benefit from greater job security, a greater involvement in decision-making, better quality jobs, greater investment in skills and training, greater influence over working time, and improvements in recognition, membership levels and facilities (TUC, 2002, 2003). Management are said to benefit from less time dealing with grievances, better decision-making, a more highly skilled workforce, more committed staff, improved morale and more flexible approach to work organisation. Similarly, the IPA cite benefits including lower labour turnover, lower absenteeism, better performance, higher sales and profits, greater willingness to innovate, and greater employee commitment (IPA, 1998). A DTI study also comments how all their case study firms reported a positive link between partnership and business performance. Again, benefits were also suggested in terms of commitment, performance and ability to respond to change, as well as increased voice, openness and employability. As highlighted earlier, the British government has generally been keen to promote the link between workplace consultation and organisational performance and competitiveness (DTI, 2002; Knell, 1999). Partnership, it seems, can only be good.

Critics question the coherence of the partnership model, and point to the risks of adopting such an approach (Claydon, 1998; Danford et.al, 2005a; Kelly, 1996; Taylor and Ramsey, 1998). Their primary concern is the extent to which partnership incorporates trade unions and may lead to compliant unions thus limiting the ability of unions to attract members (Kelly, 1996; Marks et.al, 1998; Taylor and Ramsey, 1998). It has been argued that some employers may view partnership as another union ‘Trojan horse’ and express a preference for free labour
markets and individualisation of the employment relationship (Claydon, 1998). Indeed, WERS04 revealed that 77% managers agreed that they would rather deal with employees directly rather than through trade unions (Kersely et.al, 2006). Managers may also be concerned that partnership may slow down decision-making, incur extra costs, and challenge their managerial prerogative. Others simply doubt the putative benefits of such an approach. Critics argue that partnership may simply represent a pragmatic management decision rather than evidence of a long-term commitment to working with unions, as managers decide to ‘involve’ unions but only within strictly defined parameters, and very much upon their own terms (Ackers et.al, 2004; Bacon, 2001). In other words, management will always be pragmatic in attempts to identify ‘what works’ (Edwards, 2003). Others question whether partnership is just HRM in another guise (Taylor and Ramsey, 1998).

The most vocal case against partnership has been expressed by Kelly who defines the debate in terms of militancy versus moderation (1996, 87). He contends that there are four main reasons why union militancy is a better option. Firstly, the growing hostility of employers to any form of unionism. Secondly, the beneficial consequences of industrial action. Thirdly, the meagre consequences of moderation. Finally, the continuing antagonism of interests between workers and employers. He concludes that “it is difficult, if not impossible, to achieve a partnership with a party who would prefer that you didn’t exist, the growth of employer hostility is a major objection to the case for moderation” (Kelly, 1996, 88). However, Kelly fails to explain how trade unions could thrive without state or employer support, as well as in a context of negative public opinion, two of the main reasons union power evaporated in the 1980s. The 1980s demonstrated the vulnerability of trade unions to employer hostility, and how they could not force employers to recognise them, and neither could they force people to join. Unions are also vulnerable to media hostility, with images of rubbish rotting in the street and corpses unburied in the street during the Winter of Discontent still embedded in the public consciousness over 25 years later (Howell, 2005).
Critics also express fundamental concerns regarding the British business environment and structure of corporate governance which focuses upon short-term performance, meaning there is less incentive to engage in long-term partnerships (Ackers et.al, 2004; Deakin et.al, 2004; Heery, 2002; Suff and Williams, 2004) and the employer may renege on promises at any time, given the voluntarist framework of minimal juridification (see also Haynes and Allen, 2001). Indeed Heery has stated that “The dominant characteristics of British business...do not furnish an environment in which union strategy of partnership can flourish” (Heery, 2002, 26).

Kelly (2004b) also stresses the need to understand different national contexts and in particular the contrasts between liberal market economies such as the UK and the USA, and Coordinated Market Economies such as Germany (see also Hall and Soskice, 2001). Whereas the former are characterised by decentralised bargaining, low bargaining coverage, high levels of workforce insecurity/flexibility and limited training, the latter is characterised by more centralised bargaining, greater employment protection, and high training provision (Table 2.9). Kelly (2004b, 313) concludes that the institutional arrangements characteristic of the LMEs are particularly inhospitable to partnership agreements in general and to labour parity agreements in particular. The main characteristics of UK corporate governance are said to include (Bach, 2005):

- Emphasis on shareholder value rather than stakeholders
- Institutional share ownership encourages and investment trust encourage focus on short-term profits rather than long term market share or added value
- Relative ease of takeover puts pressure on short-term profits to maintain share price
- Dominance of financial management over other functions
- Industrial relations voluntarism/ arms length adversarialism
- Decentralised and declining collective bargaining

### Table 2.9
Comparative institutional frameworks

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>LME</th>
<th>CME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate governance</td>
<td>Short-term</td>
<td>Long-term</td>
</tr>
<tr>
<td>Training</td>
<td>Underinvestment</td>
<td>Investment</td>
</tr>
<tr>
<td>Pay bargaining</td>
<td>Low bargaining coverage</td>
<td>Sectoral</td>
</tr>
<tr>
<td>Representation</td>
<td>Single channel</td>
<td>Dual system</td>
</tr>
</tbody>
</table>
In addition he argues that, institutional barriers notwithstanding, organisations such as the CBI campaigning against the 1999 Employment Relations Act and the new Information and Consultation Regulations may demonstrate a lack of willingness of British employers to engage in meaningful partnerships. Others also doubt the enthusiasm of employers. However, such arguments fall down on three counts. Firstly, it could be argued that current institutional arrangements are equally incompatible with strategies founded upon militancy. Secondly, there is a tendency to create an idealised picture of CMEs and contrast the UK with this ideal. However, as highlighted earlier the institutional frameworks of other European countries have not been without criticism, especially in relation to their inflexibility and rigidity. Finally, Kelly’s argument (2004b) is also limited on the grounds that there is little prospect of the UK becoming a CME.

Admittedly, as Guest has argued, the cliché that ‘people are our most important asset’ is patently untrue with high trust, high commitment workplaces very much the exception rather than the rule (Guest, 2001). Moreover as Kessler and Purcell remark, “Evidence suggests that management are driven more by a cost-minimisation and opportunistic approach to employees, reflecting more than anything a traditional style” (Kessler and Purcell, 2003, 353), echoing the arguments of Fox two decades earlier (Fox, 1974). Thompson (2003) has also suggested that in many cases managers hands are tied despite the best will they may have, and describes this as ‘disconnected capitalism’. More optimistically, other studies report more positive findings regarding the ‘normalisation’ of participation in the UK (Ackers et.al, 2004; Marchington et.al, 2001). Research by Brown also found a positive shift in managerial attitudes to unions, and evidence of a shift towards a more consultative and cooperative approach (Brown, 2001).

For trade unions, key concerns relate to becoming ‘too close to management’, being party to unpopular decisions, or having only limited influence over management decision-making, while a blurring of their traditional role may also create unease (Marchington, 1998; Oxenbridge and Brown 2004c; Terry, 2003). Radicals object to the principle of a moderation strategy due to concerns that it may lead to an
inability of union members to resist management, poorer terms and conditions, employee apathy creating difficulties recruiting new members, resulting in an imbalanced situation with negligible benefits for unions. Gall (2003) is keen to stress that union must have a strong ‘demonstration effect’ requiring an ability to counter managerial unilateralism, be it in the style of an ‘iron fist’ or ‘velvet glove’, and that partnership may jeopardise this ability. The importance of demonstrating effectiveness to members is central, and is reflected in a study by Greene et.al (2000), where interactions between management and the union were described as ‘theatre’ and ‘drama’ in order to demonstrate union effectiveness at dealing with management. In short the partnership debate is starkly polarised between the optimists and the pessimists, and these competing perspectives are outlined in Table 2.10.

### Table 2.10
**Partnership: polarised perspectives**

<table>
<thead>
<tr>
<th>Optimistic</th>
<th>Pessimistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Union renewal, legitimacy, renaissance, organisation</td>
<td>• Union incorporation, emasculation</td>
</tr>
<tr>
<td>• Organisational success, competitiveness, productivity</td>
<td>• Work intensification</td>
</tr>
<tr>
<td>• Employee involvement, quality of working life</td>
<td>• Surveillance</td>
</tr>
<tr>
<td>• Win-win</td>
<td>• Co-option</td>
</tr>
<tr>
<td>• Greater job security</td>
<td>• Employee disillusionment</td>
</tr>
<tr>
<td>• Better working conditions</td>
<td>• Zero-sum</td>
</tr>
<tr>
<td>• Higher productivity</td>
<td></td>
</tr>
</tbody>
</table>


**Partnership and industrial relations frames of reference**

To a great extent the divergence of opinion can be explained partly in terms of industrial relations frames of reference as these shape how workplace dynamics are viewed. Frames of reference are normally attributed to work by the ‘Oxford School’ and in particular Fox (1966) and his paper ‘Industrial Sociology and Industrial Relations’ written for the Donovan Commission, although of course the term already has a much longer history in disciplines such as social and political
theory. In defining a frame of reference Fox referred to the work of Thelen and Whitehall:

“[Each person] perceives and interprets events by means of a conceptual structure of generalisations or contexts, [which consists of] postulates about what is essential, assumptions as to what is valuable, attitudes about what is possible, and ideas about what will work effectively. This conceptual structure constitutes the frame of reference of that person” (Thelen and Whitehall quoted by Fox (1966)).

Fox proposed that frames of reference determine how we expect people to behave, how we react to peoples behaviour, and the methods we choose when we change people behaviour. Two frames of reference were outlined in his initial research paper and these were termed ‘unitarist’ and ‘pluralist’. Unitarism stresses the common goal of an enterprise, with all participants sharing the same basic aim, namely that of creating an efficient enterprise. All participants are expected to share the rewards accrued by sharing this aim, and the organisation is viewed very much as a united team with no factions or rival leaders. Unitarists believe that conflict is not an inherent or inevitable feature of the employment relationship, and that a coalescence of interests may be achieved. Conflict is viewed as an aberration and the result of poor communication and poor management. Accordingly, an ambivalent stance may be taken regarding voice, because good management and communication is key, while third party representation is viewed as unnecessary. Adherents to the unitarist frame of reference may include managements, employer bodies and governments. It also resonates with many of the ideas of the human relations school (e.g. Elton Mayo), who argue that conflict is the result of poor social relations, requiring for example better channels of communication, but largely overlooking the potential for differences of interest to create conflict. Key criticisms often made of the approach include the failure to explain the prevalence of conflict in organisations, and the failure to take account of the uneven distribution of power between management and workers in the decision-making process.

A pluralist frame of reference, on the other hand, adopts a rather different approach, suggesting that an organisations contains people with a variety of different interests, aspirations, perceptions, priorities and aims. Rather than team analogy of unitarism, the organisation is viewed as “a miniature democratic state composed of sectional
groups with divergent interests over which the government tries to maintain some dynamic equilibrium (Fox, 1966, 2). The enterprise is characterised by a complex set of tensions which need to be managed in order to reconcile conflicting opinions, and keep conflict within some kind of accepted bounds. A pluralist believes that the employment relationship is inherently contested, and as such, regulation is necessary through, for example, employee representation and state regulation. Trade unions are therefore viewed both as a legitimate pressure group and as a method of regulating relationships, and the dominant role of the state is rejected (Poole, 1981). Conflict is not viewed as abnormal but is to be expected, and alternative legal measures to suppress conflicts are deemed immoral and reminiscent of the regimes of Hitler and Stalin. They are also believed to be ineffective (Batstone, 1984). Competing interests are accepted as inevitable and legitimate, and therefore the focus is on creating structures through which conflict can be contained and expressed. Interests may sometimes conflict (for example where the employer wants to reduce labour costs), but may also be shared (for example a desire for the company to be successful). Indeed, for pluralists occasional overt conflict could be viewed as a positive sign that the collaborative process is working properly, although consistent conflict could be indicative of a failure of the process, requiring the rule making processes to be changed. Equally, a lack of any conflict would also be considered highly unusual. Pluralists believe that a stable ‘negotiated order’ will develop from the expression of competing interests, in other the words, the ‘insititutionalisation of conflict’, through for example a process of bargaining between actors (Batstone, 1984; Blyton and Turnbull, 2004). Intellectually, many of the ideas link to the work of Schumpeter and Durkheim (Poole, 1981).

However, pluralism is not a homogeneous or indeed static body of analysis or prescription; indeed a plurality of pluralist approaches exist and these have evolved over time (Ackers, 2002; Batstone, 1984; Fox; 1966; Fox, 1973; Hyman, 1978; Poole, 1981). Advances in interpretations of British pluralism can be traced, for example, to 1970s debates between two members of the ‘Oxford School’: Clegg and Fox. Drawing upon political science, Clegg proposed that pluralism emerged as a criticism of the political doctrine of sovereignty and was based on a process of
“concession and compromise”.  He suggested that pluralism concerned a body of rules to ensure freedom and prevent abuses of power as well as a moral imperative to compromise. However, he proposed that there was not necessarily an equality of power between bargaining partners, and therefore endorsed some restrictions on management power from example through state policy (Poole, 1981).

Fox’s 1970s writings may reflect his analytical roots in Durkheimian and Marxist thought in relation to the forced division of labour and class-based inequality, thus contrasting with the ‘institutional opposition’ perspective of Clegg. Though Fox retained a commitment to the pluralist notion of divergent interests, several differences emerged when they both articulated their interpretations of pluralism. Firstly, there are differences in opinion regarding whether pluralists believe a compromise may be reached as a result of the bargaining process. In his work on frames of reference, Fox had suggested that for pluralists:

“Every industrial conflict situation can, in sufficiently skilled and patient hands, be made to yield some compromise or synthetic solution which all the interests involved will find acceptable and workable” (Fox, 1974, 264)

Clegg (1975) argues that, in contrast to what he proposes Fox believes, pluralism does not necessarily imply the inevitability of a compromise in all situations. Though committed to the belief that on most occasions conflict will result in compromise, he suggests that there is also the possibility that a compromise will not be reached, citing the dispute between the government and miners in 1974 where he suggests “it seems reasonable to conclude that no acceptable compromise was available” (Clegg, 1975, 312). Yet he also argues that even on occasions where a compromise may be unattainable this does not mean that the process has necessarily been in vain, suggesting that there is intrinsic value in the freedom of expression.

Secondly, there are differences regarding the degree to which pluralism implies a degree of equality between the conflicting parties. IR radicals for example believe that workplace conflict reflects broader social issues of class conflict, and that inequalities of power are a product of the entire social, political, economic and legal structure, and as such IR cannot be studied in isolation from the broader social
structure of which IR actors are a part. Society is viewed in terms of fundamental inequalities, and a deeply cynical view is taken of any potential for constructive bargaining processes (Batstone, 1984). For radicals in particular, the assumption of the availability of compromise, and the existence of some kind of balance of power between parties, could actually act as a useful veneer to disguise and maintain existing inequalities, with agreements signed under duress. They argue that power is typically tipped firmly in favour of management. Consequently, pluralism is viewed as effectively managerialist because it is based upon misguided assumptions. Such sociological notions appear to have influenced Fox in his later works, written during a period of 1970s radicalisation and the revival of Marxism, where he accepts such criticisms, proposing that pluralism has several weaknesses in accurately explaining and demystifying IR (Ackers and Wilkinson, 2003). Effectively developing his own brand of ‘radical pluralism’, he engages with the “power balance illusion” critique of pluralist thought (Fox, 1973, 211), acknowledging that the notion of pluralism could be extremely useful for the bourgeoisie, potentially “indoctrinating the victims of an exploitative set of economic and social relations into accepting the system” by veiling power disparities (Fox, 1973, 206). In addition, he argues that pluralism could be viewed as a mechanism for maintaining the status quo of unequal wealth, power and privilege, leaving the essential structures of control unchanged. Nevertheless, unlike Marxists, Fox retained a commitment to pluralism on the grounds that firstly it remained a more realistic stance than unitarism, and secondly, because it acts as a practical way of working by promoting change and acknowledging conflict. In addition, while the radical pluralist stance questions the efficacy of reform, it differs from more Marxian writers who argue that reform would be – and has been successful – in reinforcing managerial objectives (Batstone, 1984).

Yet for Clegg (1975) pluralism simply does not imply a balance of power, suggesting in fact it would be difficult to examine or measure such concepts empirically, or perhaps even to imagine what a ‘balance of power’ would look like. For example, where there is a power disparity between a plant manager and a shop steward the pluralist ethic is argued to concern the right of the steward to present
their case and deploy their strength, with both sides honouring their respective obligations. Accordingly, in his view a radical critique of pluralism on these grounds is not necessarily damaging because it is based upon a misinterpretation of the pluralist ethic (Clegg, 1975). As Batstone proposes, “it would be more accurate to say that [pluralists] would prefer to see the continuation of the existing structure of inequality than to embark upon moves to greater equality which they fear might end up in dictatorship and poverty (Batstone, 1984, 21). Of course, the different interpretations can perhaps be attributed to the fact that frames of reference perspectives are simplified ‘ideal types’ based upon different value judgements and emphasising different aspects of the employment relationship. They are not definitive categories, and as such the boundaries between pluralism, radical pluralism, and radicalism are far from clear. The main point, however, is that there are interesting differences between the pluralist definitions of Clegg and Fox. These may be said to include diverse conceptions of justice and liberty (opposition versus social structural conditions), divergent evaluations of the working of pluralist institutions, different interpretations of the sources and distribution of power, and the related solutions to problems in British IR (Poole, 1981).

Nevertheless, pluralism has proved to be flexible and resilient, with the debate continuing (Edwards, 2003), despite the influence of 1980s neo-liberal government, and the popularity of unitarist human resource management and organisational culture interventions. Curiously, few pluralist IR researchers have explicitly explored or discussed the development of pluralism, although an exception is Ackers (2002). He argues that more contemporary notions of pluralism must be expanded beyond the narrow 1970s focus of collective bargaining and trade unions, suggesting that the ‘problem of order’ has shifted from a narrow focus at the workplace level, to the wider relationships between employment and society and a wider range of stakeholders, as well as values and interests (see also Provis, 1996). He contends that IR pluralism has tended to focus too much upon internal workplace relations and economics issues, at the expense of wider societal issues such as ethics, family, community and social cohesion. As such Ackers offers ‘neo-
pluralism’ as a means of analysing contemporary employment relation (Ackers, 2002).

Table 2.11
Partnership and Industrial Relations Frames of Reference

<table>
<thead>
<tr>
<th>IR frame of reference</th>
<th>Unitarist</th>
<th>Pluralist</th>
<th>Critical/radical IR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discipline</td>
<td>Human resource management</td>
<td>Pluralist industrial relations</td>
<td>Critical industrial relations</td>
</tr>
<tr>
<td>Adherents</td>
<td>CIPD, CBI</td>
<td>Kochan, Oxenbridge and Brown</td>
<td>Kelly, Gall, Danford</td>
</tr>
<tr>
<td>Beliefs</td>
<td>Harmony Integration Coalescence of interests Common goal</td>
<td>Groups Competing interests Regulation</td>
<td>Conflict Imbalance of power Control</td>
</tr>
<tr>
<td>Requirements</td>
<td>Human resource management</td>
<td>Employee representation/state regulation</td>
<td>Worker control</td>
</tr>
<tr>
<td>Employee voice</td>
<td>Ambivalent</td>
<td>Important</td>
<td>Important</td>
</tr>
<tr>
<td>Source of conflict</td>
<td>Misunderstandings</td>
<td>Economic</td>
<td>Class-based/social</td>
</tr>
<tr>
<td>Conflict</td>
<td>Temporary/Misunderstood/ Aberrant Behaviour</td>
<td>Inevitable but manageable Distributive conflict</td>
<td>Inevitable</td>
</tr>
<tr>
<td>Focus</td>
<td>Common interests</td>
<td>Regulation</td>
<td>Conflict</td>
</tr>
<tr>
<td>Implications for view of partnership</td>
<td>Ambivalent. Since interests of employees and employee can be aligned, through for example HRM policies, unions and regulation may be viewed as unnecessary or intrusive.</td>
<td>Positive. Inherent conflict of interest requires regulation through unions and the role of the state to balance the uneven bargaining power/level the playing field</td>
<td>Negative. The inherent conflict of interest between employer and employees is social and class based. Due to power differences worker control is needed. Seeking to balance is likely to be futile in a capitalist society.</td>
</tr>
</tbody>
</table>

The preceding discussion has profound implications for likely views on partnership (Table 2.11). For a unitarist ambivalence may be expected, because although they may not be against partnership, they may not perceive any added value beyond what HRM can offer. On the other hand, for radical scholars partnership is almost doomed to fail because of the power imbalance in the employment relationship. The notion of both sides working together would be viewed as ineffectual, superficial and naive.
Pluralists, however, accept that the interests of capital and labour are sometimes divergent, given the various organisations that participate in determining the rules of employment (Clegg, 1979; Fox, 1974; Kochan, 1982), but suggest that the key concern is how the employment relationship may be regulated, and how conflicting interests may be reconciled. It is argued that in a capitalist society employment relationships are inherently asymmetrical (Turnbull et al., 2004), but that the main issue is how contradictory demands are managed to create an inevitably fragile social order (Korczynski, 2002). For pluralists “employment relations...is characterised by conflict and co-operation. At certain times, and in certain workplaces, one of these assumes predominance” (Marchington and Wilkinson 2005, 292). There are inevitably areas of divergence, especially in relation to ‘distributive issues’ (Walton and McKersie, 1965), where a clear conflict of interest exists. Employees are likely to favour higher wages, better conditions and job security, whereas, conversely, employers are often under pressure to increase flexibility, increase output and lower (labour) costs. These views would all seem to broadly support the notion of partnership as a potential regulative mechanism.

This is not to say that all workplace issues involve conflict. In reality, it is argued that common interests do exist. It seems realistic to propose that employees would prefer to work for successful organisations, and that many employees do not take merely an instrumental view but actually take pride in doing good work, or are proud to work for a well-respected organisation; work is not merely transactional (c.f. Herzberg, 1967; MacGregor, 1967). On other hand, it seems fair to suggest that many employers would prefer staff to be satisfied than dissatisfied, and to suggest that employers do not necessarily set out to deliberately mistreat their employees. As Hyman (2004, 393) acknowledges “it is difficult plausibly to deny that the employment relationship is in part a positive-sum game. Workers do not, in the main, wish their employer to go bankrupt, particularly when alternative employment opportunities are scarce. Both sides might reasonably agree that a bigger cake would be to their mutual benefit; they still have to negotiate their respective slices. In other words conflict and co-operation interact” (Hyman, 2004, 394). It is therefore important to bear these theoretical lenses in mind when
examining the empirical evidence, else there is a danger of making fatalistic assumptions.

**Recent empirical evidence**

Most of the evidence on partnership is characterised by case study research, although there are also some survey-based studies (Appelbaum et.al, 2000; Guest and Peccei, 2001; Osterman, 2000). In terms of research focus, two main themes dominate the research: trade union representative capacity outcomes, and the delivery of mutual gains. To illustrate the quantity of research partnership has attracted, major studies are outlined in Table 2.12 and will now be explored in more depth.

### TABLE 2.12
Empirical partnership studies 1998-2006

<table>
<thead>
<tr>
<th>AUTHORS(S)</th>
<th>COUNTRY</th>
<th>SECTOR</th>
<th>METHOD</th>
<th>FOCUS</th>
<th>UNION STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Acker et.al 2004</td>
<td>UK</td>
<td>VARIOUS</td>
<td>CASE STUDY</td>
<td>EMPLOYEE VOICE</td>
<td>UNION/NON-UNION</td>
</tr>
<tr>
<td>2 Bacon and Storey, 2000</td>
<td>UK</td>
<td>VARIOUS</td>
<td>CASE STUDY</td>
<td>MANAGEMENT STRATEGY</td>
<td>UNION</td>
</tr>
<tr>
<td>3 Badigannavar and Kelly, 2005</td>
<td>UK</td>
<td>CIVIL SERVICE</td>
<td>CASE STUDY</td>
<td>UNION ORGANISATION</td>
<td>UNION</td>
</tr>
<tr>
<td>4 Badigannavar and Kelly, 2005</td>
<td>UK</td>
<td>RETAIL</td>
<td>CASE STUDY</td>
<td>EMPLOYEE OUTCOMES</td>
<td>NON-UNION</td>
</tr>
<tr>
<td>5 Beale, 2004</td>
<td>UK</td>
<td>INLAND REVENUE</td>
<td>CASE STUDY</td>
<td>HISTORICAL DEVELOPMENT</td>
<td>UNION</td>
</tr>
<tr>
<td>6 Danford et.al 2005</td>
<td>UK</td>
<td>AEROSPACE</td>
<td>CASE STUDY</td>
<td>EMPLOYEE VOICE</td>
<td>UNION</td>
</tr>
<tr>
<td>7 Danford et.al 2005</td>
<td>UK</td>
<td>AEROSPACE</td>
<td>CASE STUDY</td>
<td>EMPLOYEE RESPONSES</td>
<td>UNION</td>
</tr>
<tr>
<td>8 Deakin et.al 2004</td>
<td>UK</td>
<td>VARIOUS</td>
<td>CASE STUDY</td>
<td>CORPORATE GOVERNANCE</td>
<td>UNION</td>
</tr>
<tr>
<td>9 Dietz et.al 2005</td>
<td>UK</td>
<td>CLOTHING</td>
<td>CASE STUDY</td>
<td>NON-UNION PARTNERSHIP</td>
<td>NON-UNION</td>
</tr>
<tr>
<td>10 Dietz 2004</td>
<td>UK</td>
<td>SPIRITS, ENGINEERING, NHS</td>
<td>CASE STUDY</td>
<td>PARTNERSHIP AND TRUST</td>
<td>UNION</td>
</tr>
<tr>
<td>11 Gall 2001</td>
<td>UK</td>
<td>FINANCE</td>
<td>UNION INTERVIEWS</td>
<td>IR DEVELOPMENT</td>
<td>UNION</td>
</tr>
<tr>
<td>12 Geary and Roche 2003</td>
<td>IRELAND</td>
<td>AIRPORTS</td>
<td>CASE STUDY</td>
<td>TRADE UNION ORGANISATION</td>
<td>UNION</td>
</tr>
<tr>
<td>13 Guest and Peccei 2001</td>
<td>UK</td>
<td>VARIOUS</td>
<td>SURVEY</td>
<td>MUTUALITY</td>
<td>UNION</td>
</tr>
<tr>
<td>14 Haynes and Allen 2001</td>
<td>UK</td>
<td>RETAIL/FINANCE</td>
<td>CASE STUDY</td>
<td>UNION STRATEGY</td>
<td>UNION</td>
</tr>
<tr>
<td>15 Heaton et.al 2001</td>
<td>UK</td>
<td>NHS</td>
<td>CASE STUDY</td>
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Trade union representative capacity outcomes

Perhaps because of the bleak prognosis of recent commentaries on the future of unions in the UK (Howell, 1999; Metcalf, 2004; Ross and Martin, 1999), much of the empirical research has focused on what implications partnership has for the future of trade unions (see for example, Badigannavar and Kelly, 2005; Geary and Roche, 2003; Haynes and Allen, 2001; Heaton et.al, 2000; Heery et.al, 2004; Martinez-Lucio and Stuart, 2002; McBride and Stirling, 2002; Roche and Geary, 2002; Samuel, 2005; Wills, 2004; Wray, 2004). In many respects this illustrates the remarkable loyalty of the British IR community to the trade union movement. In a study of Tesco and Legal and General, Haynes and Allen (2001) suggest that partnership not only led to the strengthening of workplace union organisation, but was actually founded upon strong unionisation. At Legal and General benefits were thought to include better training, jointly-management flexibility initiatives, a more open environment, and an increase in union members and activists. The Tesco case also experienced increased union membership, increased activism, and more effective consultative procedures in terms of issue resolution and quality of input (see also IRS, 15.08.1999; Samuel, 2001). A similar argument has been made by Ackers et.al (2004) who suggest that weak union partnerships are unlikely to be sustainable.

Wills (2004) studied the Barclays-Unifi agreement, and found that partnership offered both benefits and risks for the union. On the one hand, the union had access to senior decision-makers in the organisation, greater employer support for the union, improved workplace representation and more positive shop-floor management attitudes. On the other hand, tensions include the difficulties in actually demonstrating their impact, and the risk of being perceived to be bought-in to management decision-making, thus supporting both the positive (Ackers and Payne, 1998), and negative positions (Kelly, 1996; Taylor and Ramsey, 1998), suggesting that unions have to walk the partnership tightrope carefully.
Samuel (2005) investigated a partnership agreement between Legal and General and Amicus-MSF. He argues that partnership actually improved union organisation and increased influence in management decision-making, especially at the workplace level. In particular, he found a new cadre of pro-active and competent union representatives were able to forge better relations with management. He accepts that partnership was very much on management’s terms but that, ultimately, union membership had increased, employee satisfaction with the union was good, and there was evidence of the union providing an important ‘checks and balances’ role.

Badigannavar and Kelly (2004) investigated the implications of partnership for trade unions in the UK civil service, and their conclusions were much more pessimistic. To test the arguments of the partnership advocates, they devised seven hypotheses in relation to improvements in employee influence, access to information, employment security, union influence, grievances, employer support and union membership growth. These were then compared between partnership and non-partnership organisations. Hypotheses were positive on three dimensions (employee influence, information, and training) but negative on the other four dimensions. They conclude that partnership did seem to offer improvements in employee influence, information, and training, but on the other hand, evidence on employment security and union influence was mixed, and they suggest that partnership appeared to be negatively related to grievances and union density. Their findings were said to “lend little support to the idea that in the current UK context partnership arrangements...are likely to contribute to union revival” (22).

A study in the NHS was also pessimistic, commenting that partnership offered limited discretion and was a process very remote from most employees. Tailby et.al (2004) argue that there was a “democratic deficit” primarily as a result of the performance regimes under which managers managed. Union decision-making was found to be centralised and distant from members, and the effectiveness limited by the contradictory pressures of divergent targets, priorities and expectations (Tailby et.al, 2004, 417). In the Tyneside maritime construction industry, partnership was also found to have contributed little to union organisation or membership levels.
Rather, the partnership agreement was viewed more as a symbolic agreement – of interest perhaps only to external customers – but of little day-to-day relevance (McBride and Stirling, 2002).

This can be compared with evidence from the Irish context, albeit with the important qualification that Ireland reflects partnership in a different institutional context. Geary and Roche (2002) have developed the ‘theory of the displaced activist’ arguing that workplace partnership can result in the centralisation of union activity around an elite corps of activists, thus creating intra-union conflict as ‘displaced activists’ are unhappy with the arrangement (see also Dietz, 2004; Gall, 2003; Heaton et al., 2002; Marks et al., 1999, Terry and Smith, 2003, 87). However, they also found active management/union co-operation and positive effects on union representative capacity, thus “offering modest support the position of the advocates” (682). Nevertheless, they do express some concerns regarding the durability of the structure, particularly in light of pockets of management ambivalence and opposition. They concluded that partnership can actually dispose employees to be more committed to organisations and trade unions, thus supporting some of the ‘positive-sum’ claims of the optimistic partnership literature. However, they argue that to transform attitudes and foster dual commitment partnership working must be sufficiently institutionalised. This was particularly important vis-à-vis employee attitudes where partnership structures need to engage with decision-making at multiple levels and day-to-day workplace decision-making. Despite the optimistic conclusions they suggest that “such a project will seldom be easy or straightforward” (382). They also highlight the dangers of raising expectations, or where partnership remains the preserve of an elite corps at the apex of the organisation disconnected from the grassroots.

**Partnership and trade unions: a polarised debate**

In sum, the bulk of the literature exploring the implications of partnership for trade unionism has been critical, and can be related to the union renewal (Ackers and Payne, 1998) versus union incorporation arguments (Kelly, 1996) discussed earlier. For some, partnership as a strategy remains doomed and a militant unionism is a
more appropriate option. This is illustrated by the comments of Danford et.al (2004), who argue that, “Partnership does not negate Kelly’s militant unionism, it demands it...high performance work systems and partnership do not resolve the structural antagonism between capital and labour” (Danford et.al, 2004, 186). This view echoes Taylor and Ramsey (1998, 141) argue that “for unions...an ‘oppositional stance’ to management remains justified and relevant”. For Hyman the focus should be on partnership between trade unionists and not been management and unions. As he states, “Trade unions should indeed embrace the principle of partnership. But its basis should be with other workers and trade unionists: nationally and internationally” (Hyman, 2004, 407). However, it is argued that it is not necessarily the ‘resolution’ of antagonisms between capital and labour which is the main issue, but rather the moderation of a dynamic employment relationship characterised by periods of both conflict and co-operation.

Bacon and Blyton (1999) argue that co-operation can deliver for unions, but that this requires a position of strength whereby unions can insist on an equitable share of the gains (see also Ackers and Payne, 1998; Ackers et.al, 2004; Haynes and Allen, 2001). In a more recent study, Bacon and Blyton (2006) examined workplace restructuring at two large sites, one of which has been introduced through a co-operative bargaining process, and another which has been introduced through a conflictual negotiations. They conclude that a cooperative approach from the union representatives was associated with management making fewer concessions regarding the implementation of teamworking. On the other hand, a more conflictual approach was said to bolster union ability to negotiate concessions, leading to higher satisfaction among employees with the outcomes. “These findings demonstrate the rationality of conflict, if not militancy as a strategy of worker representation” (Bacon and Blyton, 2006, 17).

On the other hand, others conclude that alternative strategies such as militancy are simply untenable in the current environment, with Ackers et.al concluding that “Partnership with employees is going ahead with or without trade unions (Ackers et.al, 2004, 64), leaving unions with a choice of ‘partnership or perish’. A similar
conclusion is reached by Oxenbridge and Brown who believe that there are limited alternatives to partnership. They believe that “for unionised employment in Britain as a whole, the future will lie in greater cooperation. The economic and legal environment in prospect leaves little option” (Oxenbridge and Brown, 2004c, 157), and that “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” (Oxenbridge and Brown, 2004b)

**Mutual gain outcomes**

A second stream of literature has also emerged, focusing on the outcomes of partnership, and specifically the extent to which partnership can be argued to deliver ‘mutual gains’ to the various actors. Many studies have now evaluated whether partnership delivers mutual or uneven benefits to employers, unions and employees (See Badigannvar and Kelly, 2005; Danford et.al 2004; 2005; Johnstone et.al, 2004; Kelly, 2004; Kelly, 2004b; Oxenbridge and Brown, 2004b; Richardson et.al 2004; 2005; Suff and Williams, 2004). Much of the interest in this particular appears to relate to a seminal article by Guest and Peccei (2001) on the ‘balance of advantage’.

Guest and Peccei (2001), although overall in favour, concluded that there appeared to be unbalanced outcomes towards management. However, they stress that this is not an argument against partnership per se, as they believe that a strong high trust partnership could *potentially* deliver superior outcomes for employers, unions and employees. The key benefits identified for management included higher employee contribution, improved employment relations, and superior performance. For employee representatives the benefits were said to include more engagement in organisational decision-making. The key point the authors make, however, is the need to take an integrated approach, and that in practice a lack of trust between parties was often a barrier to building effective partnership relationships. However, they argue that in principle a high-trust partnership with extensive employee representation and direct participation should create benefits which flow to all stakeholders. They warn that a pick-and-mix approach is inherently risky and may
simply become a disappointing ‘hollow promise’ (233) (see also Kochan and Osterman, 1994; Roche and Geary, 2002). They conclude that, “The findings support a mutual gains model, but show that the balance of advantage is skewed towards management, and generally reflects low management trust in employee representatives” (Guest and Peccei, 2001, 207).

Kelly (2004a) suggests that partnership firms perform no better than their non-union counterparts. His research focused on the labour outcomes in partnership as opposed to non-partnership organisations, through the examination of issues including employment records and job losses, profits, wages, and hours of work and holidays, and union density. He concludes that there was no impact on wage settlements, working time, holidays or union density. In terms of employment, in expanding industries partnership firms created more jobs than in non-partnership firms, but in declining industries partnership firms shed more jobs than non-partnership firms. However, it remains very difficult to quantitatively ‘measure’ the outcomes of partnership accurately.

Badigannavar and Kelly (2004) have investigated the outcomes of arrangements for workers, unions and employers by comparing matched comparisons of partnership and non-partnership organisations in the NHS and civil service. They draw three main conclusions. Firstly, that in only a few cases were employee outcome variables superior to their non-partnership counterparts. Secondly, there were significant differences in outcomes between the health service and the civil service, and in particular the finding that there was so difference in the employee outcomes between the two NHS trusts. In the civil service they found superior outcomes in the non-partnership organisation. Thirdly, they argue that this could be explained by the fact that the NHS agreement was heavily ‘employer dominant’ whereas the union in the civil service partnership organisation had never been as well organised or achieved such high density as its non-partnership rival. They conclude that there is little evidence to support the mutual gains assertions in terms of union influence or better voice for workers. Another study in the non-union retail sector by the same authors also concludes that the partnership is “precarious and well as
ineffective” (Badigannavar and Kelly, 2005). Richardson et.al present findings of two case studies drawn from the aerospace and public sectors: JetCo and CityCo. They suggest work intensification stress and job insecurity may actually be the reality for employees in partnership environments, and conclude that “the assumption that partnership leads unambiguously to mutual gains is highly questionable” (Richardson et.al, 2004, 353). This a slightly odd criticism as even the most ardent partnership advocates never suggested that partnership would lead unambiguously to mutual gains.

Less pessimistically, Suff and Williams (2004) found mixed results in their case study of Borg Warner where management and union representatives generally argued that partnership had been a success. Employees also cited benefits including better participation in organisational decision making. On the other hand, employees did not really believe they had significant influence over decisions. Most employees also still felt insecure, and indeed thankful that they still had a job. With regard to rationale they found that, “the partnership concept is better viewed as a management device to secure enhanced organisational performance than an attempt to build genuine mutuality” (Suff and Williams, 2004, 4).

From his study of negotiations under a partnership agreement Wray (2004, 209) concludes that “in many instances, far from a situation of ‘mutual gains’, only marginal gains have been won for workers compared to significant gains for management”. He argues that this case organisation was characterised by a labour process based on exploitation and control rather than a collaborative relationship between capital and labour. Turnbull et.al (2004) explored partnership in the European civil aviation industry. From their evaluation of partnership at Lufthansa, British Airways and Aer Lingus, they conclude that industrial relations context is important. In the Germany, CME context it was argued that there was a degree of complementarity between the macro-environment of social partnership, with partnership strategies at the micro and meso level. Without this support, partnership at BA and AL was found to be constrained by the cost cutting strategies encouraged
by a decentralised and deregulated system, as opposed to innovative long-term strategies.

In sum, it seems fair to suggest that the partnership vogue has resulted in a fierce debate between critics and advocates. There are also those who support partnership in principle but – in response to empirical evidence – express doubts regarding the extent to which benefits have been achieved to date, and are conscious that barriers have to be overcome (Bacon and Storey, 2000; Guest and Peccei, 1998; Oxenbridge and Brown, 2004a, 2004b). This supports other empirical research which has suggested that “labour-management partnerships...are highly vulnerable to external shocks which can see a return to managerial strategies based on labour shedding” (Deakin et.al, 2004, 130). On balance then, this review supports the suggestion that “the empirical evidence suggests that partnership in the UK is uneven, fragile, with little evidence of increased employee voice or mutual gains” (Stuart and Martinez-Lucio, 2004b, 412).

**Typologies of partnership**

The chapter began by examining the conceptual confusion surrounding the notion of partnership. A limitation of the current research is the implicit assumption that partnership agreements are homogenous, and that partnership is either ‘good’ or ‘bad’. Some accounts, however, have pointed to a variety of potential employment relations implications, arguing that the outcomes are less black-and-white than the polarised debate implies. There is increasing acknowledgement in the literature that earlier debates were fatalistic (Samuel, 2005), and that partnership may not hold any single consequence, but may depend upon various conditions such as the underlying management and union strategies, rationale for partnership, and the way in which it has been implemented (Heery, 2002; Heery et.al, 2004; Roche and Geary 2003; Samuel, 2005; Wills, 2004). Given that partnership has been subject to various uses and interventions, and for different reasons, it is perhaps unsurprising that different outcomes appear to have emerged in the literature (Stuart and Martinez-Lucio,
2004b) after all “partnership is an imprecise term in employment relation, the meaning on which wanders from user to user and context to context” (Heery et al. 2004, 274). From the literature various distinctions can be drawn including formal v informal, union v non-union, private v public sector, and the route to partnership. This had led to typologies of partnerships emerging in the literature (Kelly, 2004a, 2004b).

Wray (2004) draws a distinction between ‘genuine’ and ‘counterfeit’ agreements in his study of a light engineering company in the north of England. He argues that a genuine partnership depends upon how much voice partnership provides to employees, how far the relationship provides mutual gains, and how and for whose benefit the structures of partnership are operationalised. However, he suggests that the case in his study is best regarded as counterfeit. This was thought to be partly a result of the route to partnership which was characterised by the possibility of enforced recognition under the Employment Relations Act (1999), and a union signing the agreement primarily to increase membership. However, despite his critical stance, Wray (2004) does suggest the possibility that a genuine partnership may exist.

Oxenbridge and Brown (2002) identify a distinction between ‘containing’ and ‘nurturing’ arrangements, which they refer to as the ‘two faces of partnership’. They suggest that in the service sector containing agreements were more typical, where employers tried to contain the union by restricting their rights, whereas in manufacturing nurturing was more common, characterised by negotiating rights over pay and conditions, high union density, and active workplace representatives. Later work by the same authors (Oxenbridge and Brown, 2004b) examines the life expectancy of partnerships, and identifies ‘robust’ and ‘shallow’ agreements. Robust relationships were identified as conferring a range of benefits to both parties, and were found in organisations where the employer supported trade union recruitment, wide scope of recognition, a history of trade unionism, high union density and extensive union input into decision making. The primary benefits were from the informal consultative processes and the higher levels of trust. Shallow
arrangements provided much less benefits for the union and argued to be much less embedded. In the cases managers typically restricted union recruitment activity, and allowed unions on limited involvement in workplace affairs. They conclude that while robust cases with employer support for the union and high membership appeared to be sustainable, the same could not be said for shallow case characterised by a lack of employer support and employee apathy. Accordingly, they propose that partnership is more likely to be sustainable in large scale manufacturing and the public sector, where a tradition of trade unionism is already deep rooted.

This is similar to the arguments of Ackers et.al (2004) who argue that with the right skills and commitment from managers, a strong union partnership may actually be a fairly stable form of employment relations, in the style of Fox’s (1974) ‘sophisticated modern’ organisation. Conversely, they believe that an adversarial us-and-them union model, or ‘continuous challenge model’ to use Fox’s terms, is simply no longer viable for several reasons. They suggest that it is not just about changing management attitudes, but also broader societal shifts. Not only are government and employers intolerant of militancy, but it is likely that the support of the media and public in their role as consumers is also lacking.

Kelly (2004a) makes a distinction between ‘employer dominant agreements’ and ‘labour parity agreements’. He argues that, given the fact that most agreements have been signed within a context of restructuring or poor industrial relations, they are thus more likely to have taken the form of weak employer-dominant partnerships, for example agreements in utilities following privatisation, banking following deregulation, and motor manufacturing following intense Japanese competition. Labour parity agreements, he argues, are more likely where there are strong power resources such as with BA pilots and the Royal Mail. In reality however, it is difficult to believe that such agreements are achievable in a private sector environment; indeed it is difficult to visualise what a true ‘labour parity’ arrangement would look like.
Deakin et.al (2004, 115) suggest that partnerships can be either be ‘mature and enduring’ or ‘weak and disintegrating’. The former are characterised by union promotion of a high trust culture, and management keeping their side of the bargain and investing in human capital. The latter scenario, however, involves a union role limited to that of dealing with the consequences of redundancy, with management offering a minimal commitment to employment security. They suggest that while a mature and enduring partnership is likely to survive an external shock, in weak partnerships actors are more interested in taking measures to minimise their exposure in the event of corporate failure, as opposed to genuinely engaging in a strategy aiming for mutual gains co-operation. Samuel (2001) also draws a distinction between ‘defensive’ partnerships arising out of a crisis, and ‘offensive’ partnerships reflecting a more evolutionary approach to improving employment relations. The former are more likely to focus on issues such as redundancy management, whereas the latter may be looking at improving performance or skills. Finally, Martinez-Lucio and Stuart (2005, 809) identify what they refer to as nurturing, transitional and coerced partnerships. Nurturing partnerships are predicated on an evolution of positive industrial relations (see also Oxenbridge and Brown, 2002; 2004a, 2004b). These are short-term, objective focussed, and are often the result of an exogenous shock, in other words what they describe as a ‘marriage of convenience’. They also identify coerced partnerships which they refer to as akin to shotgun weddings. These are elite level management driven partnerships, devised by management to manage change and often exhibit union compliance. Both coerced and transitional partnerships appear to be incompatible with high trust enduring partnerships.
In sum, as Roche and Geary (2004) remind us, there appear to be specific conditions under which a robust partnership is likely to emerge. This reflects the arguments of Kochan and Osterman (1994) that partnership must be sufficiently institutionalised if it is to be enhancing or effective, and suggests that there is a need to understand the different types of partnership that are possible and to avoid asserting that partnership necessarily leads to a specific outcome (Haynes and Allen, 2001; Samuels, 2005; Wills, 2004). This suggests a need to understand more about what facilitates positive and negative consequences, and in particular the contexts and preconditions associated with each.

**Limitations of the existing literature**

Having reviewed the literature in detail the final section considers some of the main weaknesses of the current research evidence. Clearly, the existing literature is characterised by a starkly polarised debate between advocates and critics. However, as Martinez-Lucio and Stuart state:

“Accounts of partnership as a panacea for the future of employment relations are too simplistic, but so too are those that crudely conceptualise partnership as the latest management weapon for incorporating trade unions” (Martinez-Lucio and Stuart, 2004, 421).

Moreover, as if to exacerbate the confusion, the recent literature suggests that there is not only an advocates/critic debate, but also a variety of possible outcomes in

![Table 2.13](image-url)

**Typologies of partnership**

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<td>Mature and enduring</td>
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<td>Nurturing</td>
<td>Coerced/ Transitional</td>
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more recent studies by same authors. Accordingly, several potential limitations of the literature shall now be discussed in more detail.

**The ideological dimension**

Firstly, there is a strong ideological dimension to partnership (McBride and Stirling, 2002). Views on partnership are inextricably linked to industrial relations frames of reference (Fox, 1974), and as such partnership is much more likely to be acceptable to those holding a unitarist or pluralist viewpoint. Frames of reference influence what researchers believe partnership means, as well as their expectations of what partnership is expected to achieve. For pluralists, partnership is likely to concern a regulatory role, and success may be judged on the basis of the extent to which it can be seen to moderate the countervailing forces within the employment relationship. For radicals, partnership is simply naïve because of inherent power imbalances, and partnership is likely to be judged on the basis of the extent it redresses these imbalances, and within a capitalist society such high measures of success will inevitably lead to disappointment. The fact that we have a "highly polarised political debate" (Kelly, 2004b, 305), in the UK is therefore not surprising, as it is difficult to separate views on partnership, from the ideological beliefs and political colours of researchers. For some, the institutional framework – without sectoral or industrial bargaining, and combined with short-termist corporate governance – inevitably leaves little scope for partnership (Waddington, 2003). In addition, even although they report some positive findings these are typically overlooked in the conclusions of the overtly critical commentators. It also reflects the ideological constitution of British IR as an academic field, with a strong Marxist tradition centred on the study of trade unions in contrast to perhaps the USA (Budd, 2005).

**Sensitivity to context**

McBride and Stirling (2002, 302) suggest that analysis of partnership should examine the context of the agreement as well as the relationships surrounding the negotiations, in other words, ‘ideology, process and outcomes’. As Marchington et.al (1994, 890) argue in their studies of EI, it is important to contextualise actor
attitudes within the competitive and strategic environment in which the business operates. They argue that there is a need to ‘ground’ studies of employee involvement in context, and the same is true for studies of partnership. For example if only bad news is being delivered through the partnership infrastructure this could very possibly lead to negative attitudes to partnership itself. Conversely, positive attitudes towards partnership could be symptomatic, perhaps, of a feel good factor within the organisation because of recent good news such as a large pay rise. This leads to difficulties interpreting and comparing evaluations derived from both buoyant sectors and those in decline (Johnstone et.al, 2004). Moreover, workers’ prior experiences of participation and in general, management’s approach to employment relations, and the recent and future performance of the organisation is likely to be important (Marchington et.al, 1992, 1994). The issue of context is also important in relation to the issue of sector. Studies examine partnership in different sectors with very different product and labour market conditions, as well as different traditions of industrial relations, and the possibility that partnership is likely to be successful in older industry sectors, with a history of unionisation, and buoyant sectors (Kelly, 2004a; Heery, 2002; Oxenbridge and Brown, 2004b). In addition a clear distinction must be made between partnership in the public sector, where union density is often high, combined with strong union traditions and insulation from market forces, compared to the private sector, where union density is often low, a tradition of unionism may be less entrenched, and market competition may be high.

**Methodology**

There are also several methodological issues. Firstly, there is lack of data regarding worker responses to partnership. As Ackers et.al (2004) state, “The attitudes and experiences of ordinary employees are central to deciding how successful a system of partnership or participation is”, given that managers and trade union criterion for ‘effective’ voice are likely to be quite different from those of ‘ordinary workers’ (Ackers et.al, 2004, 56). Surprisingly, there has been a lack of emphasis on employee responses to partnership (notable exceptions include Richardson et.al, 2004), and as Suff and Williams note, “direct evidence on the implications of
partnership for workers in remarkably scarce” (Suff and Williams, 2004, 33). Rather, interviewees are typically trade union officials and managers. Few partnership studies have really engaged with debates on what workers want (see for example Bryson and Freeman, 2006). In many ways this reflects the tendency of industrial relations research to conflate the institutional interests of trade unions with the interests of employees, based on an assumption that what is good for the union must also be good for workers, and in turn failing to allow employee attitudes to be a shaping factor in the success or failure of partnership. Secondly, there is a lack of comparative case study research. Kelly (2004a, 289) notes this lack of comparative case studies in the British literature, and suggests these may also be useful in the British context to complement the existing single-case based research. Indeed, it is likely that comparative cases could assist with the process of ‘theoretical generalisation’ from the cases (Yin, 2003). Admittedly, the conduct of comparative case studies is not helped by the fact that it is difficult to identify a credible prima facie instance of partnership, given that partnership is such a vague and poorly defined concept it is perhaps unsurprising that the evidence presents mixed findings. This leads to the situation whereby Kelly (2004a) identifies Abbey National as a non-partnership organisation, whereas the IPA (2003, 1) describe the same organisation as having “a formal partnership agreement which has been in place for a number of years and which was updated in July 2003”. Clearly, researchers need to question whether – and justify why – they believe the case investigated constitutes a prima facie instance of partnership, for example in relation to the partnership criteria.

More generally, Kelly has also criticised the lack of methodological rigour in some of the case study research commenting how, “The level of methodological rigour in the empirical research is sometimes poor. There are numerous widely cited case studies of partnership firms that are often uncritical and journalistic in tone, excessively reliant on the views of a few partisan informants, and seriously under-theorised” (Kelly, 2004a, 270). While an important point, clearly the need for methodologically rigorous research applies equally to the conduct of quantitative partnership studies as well. Again, it is not only case study research that is
problematic. The TUC (2001) for example claim that evidence from WERS98 suggests that partnership organisations make fewer people redundant, have shorter average working hours and rarely declare compulsory redundancies. This is a somewhat dubious analysis given that WERS98 does not distinguish between partnership and non-partnership organisations, or indeed make any reference to partnership whatsoever. Moreover, much of the literature is limited to snapshot case studies at a particular point in time. Clearly, this is not ideal given that partnership is a dynamic process evolving over time, and like any relationship takes time to evolve.

**Sensitivity to different types of partnership arrangement**

A related issue concerns sensitivity to different types of partnership agreement. As the introductory section made clear, “Partnership is a loose word for many shades of the employment relationship” (Ackers et.al, 2004, 17), and distinctions can be made in terms of several variables. Firstly, despite the variety of arrangements, there has been a focus on formalised agreements (with the exception of Oxenbridge and Brown, 2004), although some research has begun to make a distinction between ‘de jure’ and ‘de facto’ partnerships (Ackers et.al, 2004). Oxenbridge and Brown (2004b) identify three broad categories of relationship in terms of formality: formal partnerships with explicit agreements; informal partnerships where the term is widely used, and cooperative relationships which may not actually be described by the parties as partnerships. Secondly, there is also the issue of the different routes to – and rationale for – partnership. In other words, was the desire to build a strong partnership to assist with the management of change, to sponsor weak unions, or to bypass unions (see for example Ackers et.al, 2004; also Martinez-Lucio and Stuart, 2005).

Thirdly, there has been a traditional focus on partnerships between unions and management. However, as Ackers et.al (2004, 56) argue, “it seems sociologically unproductive to rule out non-union consultative forms, whether voluntary or state regulated...before examining the evidence”. A similar point has been made by
Stuart and Martinez-Lucio who argue that “much more research is needed to draw out the extent, characteristics and form of...non-union partnerships” (Stuart and Martinez-Lucio, 2004b, 418). The same bias is evident in wider discussions of voice which have also tended to be union centred. Non union workplaces are crudely assumed to have no HRM and no IR, and often dismissed as inferior to union voice without reference to empirical evidence (Haynes, 2005). Again, where non-union voice structures do exist they are assumed to be merely cosmetic devices because they may lack the necessary power and authority to be effective (Terry, 1999). The evidence on the efficacy of representation in non-union settings is mixed (Bryson, 2004; Gollan 2001,2005,2007; Rollinson and Dundon, 2004). Some have, however, expressed concern regarding the viability non-union partnerships. As Kochan (1997, 6) comments, “The biggest challenge lies in how to substitute the partnership model in non-union or weakly unionised firms”.

It has been suggested that there are three key reasons to study non-union voice. Firstly, it is neglected compared with union voice. Secondly, union voice is now a minority phenomenon. Thirdly, many sectors that dominate the UK economy do not have a tradition of unionisation (Dundon et.al, 2005). However, the possibility of a non-union partnership seems to be permissible under the broad definitions of partnership promulgated by New Labour, CBI, CIPD and the IPA outlined earlier. Despite TUC reluctance, there seems no particular reason to rule out the possibility of non-union partnerships (Deitz et.al, 2005; Guest and Peccei, 2001). The Information and Consultation Regulations also provide an added impetus to investigate people management practices in non-union settings. Encouragingly, some research into non-union partnerships has begun to emerge (see for example Dietz et.al, 2005; Upchurch et.al, 2006). In short, as Kelly rightly states, there is a need for research into different forms of partnership as “Our knowledge of the mechanisms and outcomes of different forms of partnership arrangements is patchy and rudimentary” (Kelly, 2004a, 271).
Table 2.14
Sensitivity to different forms of partnership arrangement

<table>
<thead>
<tr>
<th>Partnership arrangements</th>
<th>De facto</th>
<th>De jure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informal</td>
<td>Informal</td>
<td>Formal</td>
</tr>
<tr>
<td>Union</td>
<td>Union</td>
<td>Non-union</td>
</tr>
<tr>
<td>Buoyant markets</td>
<td>Buoyant markets</td>
<td>Struggling markets</td>
</tr>
<tr>
<td>Crisis</td>
<td>Crisis</td>
<td>Natural evolution</td>
</tr>
<tr>
<td>Public sector</td>
<td>Public sector</td>
<td>Private sector</td>
</tr>
</tbody>
</table>

**Focus on outcomes**

Perhaps the greatest limitation of the partnership literature is the focus on outcomes. This is odd given that firstly partnership outcomes are notoriously difficult to quantify (Roper, 2000), and the fact that partnership is about much more than just outcomes. As Stuart and Martinez-Lucio make clear:

“**Partnership is not just about outcomes, or its potential for trade unions...partnership is a development that represents the emergence of a new approach to employment relations that attempts to reconfigure the form and content of management-union relations...it raises broader questions about the regulation of employment relations...partnership must be viewed [as] an attempt to reconfigure the form of employment relations and not just its outcomes**” (Stuart and Martinez-Lucio, 2004, 11).

In other words, partnership can be viewed more broadly as an attempt to reconfigure employment relations in light of the demise of old style joint regulation (Terry, 2003). The narrow focus on outcomes is also criticised by Dietz, who suggest that it not just the outcome which is important but also more subtle issues such as the way issues have been handled, and again criticises the notion that partnership can be judged upon outcomes alone, for example in relation to job losses:

“**One need not express surprise when large scale redundancies take place under partnership. This issue is how they are agreed upon and handled. Training to enhance staff employability also plays a part**” (Dietz, 2004, 9).

Partnership is also about subtle changes in attitudes and behaviours, which may not always be apparent if a narrow outcome focus is taken, and more attention should be paid to “**internal behaviour transformations and attitudinal improvements**” (Dietz, 2004, 7; c.f. Walton and McKersie, 1965). Such factors would inevitably be missed by studies such as Kelly (2004a) where selected labour outcomes are used to
‘measure’ the success of partnership. A similar sentiment is expressed by Wray who explains how in his research, “It quickly became clear that a full assessment of the outcome would be impossible without a comprehensive understanding of the nuances shaping the process of negotiation” (Wray, 2004, 193).

However, for some commentators voice is simply viewed as a means to an end. Radical scholars such as Hyman (2005) for example, may take the view that it is not voice which is valued but the effective influence voice has on outcomes. He comments how “‘I hear what you say’ is a familiar but chilling phrase: you can state your case but I will ignore it. Voice is an effective means to achieve one’s aims or it is a charade” (Hyman, 2005, 127). This seems to imply that the priority is achieving ‘better outcomes’ (however defined), and that the process through which these are achieved is almost irrelevant, be it state intervention, employer goodwill or union negotiation. Similarly, work by Kelly (2004) has also focused upon ‘measuring’ the labour outcomes of partnership. Admittedly, voice which never influences outcomes is unlikely to be tenable, however the key point is that voice is important even when the final decision may be displeasing for certain organisational actors. In other words, participation is of intrinsic value “whether or not it improves economic performance, and whether or not it alters the economic distribution for rewards” (Budd, 2004, 2), as unions have the dual function of protection and participation (Weiler, 1990). Again, this relates back to the discussion earlier in the chapter regarding frames of reference, with radicals tending to focus on outcomes, viewing voice as a means to and end, while pluralists tend to perceive intrinsic value in the very process of voice itself (Clegg, 1975). For a contemporary pluralist then, non-union representative bodies may also serve a useful function as a process, channelling employee opinion into the decision making processes, irrespective of the power they yield relative to their union counterparts. Conversely, a radical would likely view a non-union body as inevitably superficial and ineffectual due to the limited power they believe such a structure could possibly have.
The distinction between process and outcome mirrors debates in law and politics which have made a clear distinction between fair process (procedural justice) and fair outcomes (distributive justice). In law for example Thibaut and Walker (1975) conclude that the processes through which legal outcomes are reached are of great significance to citizens as well as the outcome. In the context of industrial and organisational psychology, Folger and Konovsky (1989) investigated the effects of procedural and distributive justice on reactions to pay raise decisions. They surveyed over 200 employees on their reaction to pay raise decisions, and found that distributive justice accounted for more unique variance in satisfaction with pay than did procedural justice, but procedural justice accounted for more unique variance in two other measures namely trust and organisational commitment. They conclude that:

“Apart from their desire for fair outcomes, people care a great deal about the justice of decision making procedures. Moreover, as the issue moves from the level of personal satisfaction with present outcomes to higher-order issues regarding commitment to a system and trust in its authorities, these procedural concerns begin to loom larger than the distributive ones emphasised by equity theory” (Folger and Konovsky, 1989, 126).

Similarly, in studies of redundancy situations, Brockner et.al (1992) found that managers conduct in managing the workforce reduction process, in terms of explaining rationale and treating employees with dignity and respect, influenced the commitment, morale and co-operation of remaining staff. In addition, they found that there was also ‘good citizenship effect’ in relation to staff who were actually selected for redundancy through from initial notification to termination. In a sense, it is argued that employee voice generally and partnership specifically, are also about ‘procedural justice’, in that it is the extent to which procedures as opposed to just outcomes are fair (distributive justice). Procedures are not merely viewed instrumentally as a means to an end. As Budd (2004, 28) states:

“Political democracies are premised on the ideal that people should have input into the decisions that effect their lives – voice. For reasons stemming from political theory, religious thought, human dignity, and elsewhere, extending voice into the workplace is a ‘moral imperative’.”

In addition, in relation to partnership outcomes the critics fail to address the ‘typologies’ of partnership which have emerged in the literature, suggesting that
partnership holds no single automatic consequence. As illustrated in Table 2.13, recent studies have employed a variety of different labels to contrast ‘positive’ and ‘negative’ cases of partnership. This suggests that there are specific conditions which need to be understood, resulting in positive and negative consequences. Curiously, despite the plethora of typologies in the literature, critics have tended to focus almost exclusively upon explaining their pessimistic findings, but fail to engage or conveniently overlook the fact that recent findings are less clear cut.

It is not only the focus on outcomes which gives cause for concern, but also the way the outcomes of partnership have been evaluated and judged. In particular there is a lack of agreement regarding what partnership is actually expected to achieve, especially if the measurements for success are set unrealistically high. This has led a situation whereby: “The expectations (both in terms of hopes and fears) generate by the term [partnership] means that it has become all too easy to set it up as a straw debate with aim of knocking it down” (Stuart and Martinez-Lucio, 2004b, 22). In such an approach, outcomes are too easily offset against unrealistic announcements and agreements (e.g. increasing transparency, enhancing training and development, creating a better quality of working life), or other equally ambitious aims such as the renaissance of the union movement, way beyond the expectations of even the partnership advocates like Ackers and Payne (1998). They also tend to overlook or disregard some of the positive findings they report. Much depends on how ‘successful’ partnership is defined and what it is expected to achieve, but it seems unrealistic that long-term partnerships will lead to harmonious, consensual and conflict-free IR (Terry and Smith, 2003). After all, the employment relationship consists of a blend of shared and contrary interests which inevitably lead to periods of both co-operation and conflict (Bacon, 2001). It also seems unrealistic to even suggest that partnership will lead to ‘mutual gains’ in the purest sense of the term, with gains flowing equally and harmoniously to all parties.
Most commentators agree, therefore, that with a concept such as partnership it essential to examine **process** in addition to outcomes if a more holistic understanding is to be achieved, as the following array of quotes illustrate:

“The theoretical debates concerning partnership concerning partnership can only properly be assessed by empirical investigation into the actual processes and outcomes it delivers” (Stoney, 2002, 2)

“Good processes matter more than good institutions” (Guest and Peccei, 1998, 9).

“Although there exists a wealth of published material governing the breadth and depth of participatory practices in UK workplaces, we have much less understanding of participation as a process” (Danford et.al, 2005, 613).

“The study of partnership requires an approach that is sensitive to internal processes of decision-making, and the rationales that underpin the elaboration of strategies regarding work” (Martinez-Lucio and Stuart, 2004, 421).

“Need to understand more about the substance of the relationships forged as a measure of robustness as opposed to the formality of the agreement” (Oxenbridge and Brown, 2004c, 143).

Curiously, despite acknowledgement that process is important, and that without it only a partial view of partnership can be achieved, few existing studies have explicitly focused on understanding the process as well as the outcomes, in order to achieve a more holistic understanding.

**Implications**

There are three main implications from the literature review. Firstly, it is important to examine partnership in context. Secondly, it is clear from the literature survey that there is a need to understand much more about the process of partnership. Remarkably, despite the agreement that process is important, much of the partnership debate has focussed significantly more on hard-to-measure outcomes rather than on understanding process (Terry and Smith, 2003). It is proposed that two particular aspects of process are likely to be instructive. Firstly, there is a need to be more sensitive to the mechanisms of voice, and to the ways in which partnership mechanisms influence behaviour and outcomes, for example in terms of decision making processes. As Dietz states:

“The litmus test for all partnerships – unionised or not – is the quality of the joint problem solving processes...giving significant influence to employees over
organisational decision-making early in the process, and in delivering regular, acceptable mutual gains for all parties” (Dietz et.al, 2005, 302).

Secondly, sensitivity must be paid to the presence or absence of partnership ‘behaviours’ in the employer-union relationship, such as the level of trust between actors and the way they interact and this is really what is distinctive about partnership. Oxenbridge and Brown (2004d) suggest that a high trust relationship is likely to be characterised by a central and legitimised role for workplace representatives, trade union involvement at the earliest stage of management decision-making, explicit or implicit acknowledgement that each party benefits from the relationship, openness in dealings between the parties, and commitment to the relationship from managers at all levels of the organisation (Oxenbridge and Brown, 2004d, 156). It is important therefore to “look beyond the superficial terminology to the relationships that underlie it…the intentions that lie behind them” (Oxenbridge and Brown, 2004d, 157).

Thirdly, there is a need to clarify the meaning and expectations of partnership before any attempt can be made to empirically judge the outcomes. Definitions of partnership such as ‘mutuality’, ‘reciprocity’ are simply too vague to be of much use. They suggest a relationship between two parties, and the notion of an exchange where each party gains something, but this reveals very little about the quality of the employment relationship; indeed even a Dickensian sweatshop could be described in such terms. ‘Co-operative employment relations’ is also ambiguous, as a co-operative relationship to one person could be perceived as co-option by another (Dietz, 2004).

Accordingly, it is proposed that a more useful definition would offer some suggestions regarding the identifiable practices and processes associated with partnership. In terms of practices, employee voice is central to all definitions and this may involve a mix of direct participation, representative participation and financial involvement. However, most policy and organisational definitions suggest it is representative participation which is the bedrock of partnership, with or without
trade unions, and this is also implicit in most academic research. At the centre of the process of partnership are issues of decision making and actor relationships. Partnership decision making is typically described as a ‘joint problem solving approach’, characterised by a genuine process of early consultation and affording some influence over decision making. It does not necessarily mean joint decision making as management will normally reserve the right to make the final decision. Actor relationships are said to require trust and openness, mutual legitimacy and a commitment to business success, and as such the values and behaviours of organisational actors are crucial.

Inevitably, there is likely to be some variety within this general framework, but it is proposed that there are the practices and processes which underpin a prima facie case of partnership are likely to be mutually reinforcing. For example, introducing partnership practices such as a representative body without the associated processes is unlikely to be viable. Equally, partnership processes without any agreed structures or practices may become amorphous and unsustainable. It is important to note at this stage, that while several influential definitions include outcomes as part of their definition of partnership, it is proposed that it is important not to conflate partnership processes with employment relations outcomes (such as employment security) which are better thought of as aspirations which need to be explored empirically, but do not constitute an integral component of the partnership process per se. This represents a key limitation of both the radical and pluralist partnership literature which invariably conflate the two. It is proposed that an organisation could achieve good ER outcomes without partnership. Conversely, an organisation espousing a partnership approach to employment relations could experience less positive outcomes. Accordingly, it is important to draw an analytical distinction between partnership (defined as a combination of practices and processes), and employment relations outcomes which ought to be considered separately. In sum, there is a clear need to understand how participative mechanisms, in this case partnership, work in practice and what it actually means in terms of the real relations between the actors involved (Marchington and Wilkinson, 2005; Terry, 2003, 494), in order to transcend simplistic polarised debates. In response to these
challenges, the following section outlines the research approach adopted in this particular study.

**Research framework: transcending polarised partnership debates**

In light of the preceding discussion it seems sensible to suggest that a fruitful approach for further research would be sensitive to the meaning, context, process and outcomes of partnership (Guest and Peccei, 2001; McBride and Stirling, 2002).

![Figure 2.1 Conceptualising partnership: context, process and outcomes](image)

Firstly, in terms of context it is important firstly to justify how the organisation met the criteria of a prima facie ‘partnership organisation’ else there is the risk of comparing pseudo-partnerships and therefore setting up the study to fail. It is useful to explore how partnership is played out in different contexts, for example between formal and informal partnerships, and particular contemporary interest relates to comparisons between union and non-union partnerships. To minimise sectoral variables this study make comparisons within the same sector, else there is the risk of contamination from the ‘noise’ of exogenous variables limiting the scope for useful comparisons to be drawn.
Secondly, this study benefits by paying closer attention to issues of process, which are often overlooked in the current literature. Key questions include the nature of actor relationships under partnership working, as well as the nature of decision-making and the way issues are handled in partnership organisations. Thirdly, regarding the final dimension of empirical partnership outcomes, it is argued that there is a need to re-evaluate the way the outcomes of partnership are judged. It is argued that the analytical framework proposed by Budd (2004) is a useful device for the analysis of the process and outcomes of partnership. Secondly, it is also suggested that the Walton and McKersie (1965) framework may also be useful in assessing the values and principles of partnership. These are examined in the following section.

### Analytical framework

Kelly (2004a) criticises the existing partnership literature on the grounds that there is insufficient reference to theory. At the centre of most discussions around partnership is the notion that it concerns a shift from adversarialism towards constructive co-operative relationships. Again, most discussions of partnership acknowledge that, in terms of process it suggests some degree of influence over some decision making. In terms of outcomes the idea of mutual gains is central. In order to examine the process and outcomes of partnership it is proposed that two

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<table>
<thead>
<tr>
<th>Table 2.15</th>
<th><strong>Context, process and empirical outcomes of partnership</strong></th>
</tr>
</thead>
</table>
| **Context** | • Identifying partnership  
             • Routes to partnership  
             • Varieties of partnership (union/non-union, formal/informal, governance)  
             • Sector (e.g. public v private) |
| **Process** | • Relationships  
             • Issues, decision making and governance |
| **Empirical Outcomes** | • Purpose and expectations of partnership  
                          • Metrics of success  
                          • Trade union outcomes  
                          • Mutual gains outcomes (efficiency, equity and voice)  
                          • Actor outcomes (employer, employees, unions) |
analytical frameworks are likely to be useful. These are the frameworks of Walton and McKersie (1965) and Budd (2004).

1. From distributive bargaining to integrative bargaining?
The first analytical framework concerns distributive and integrative bargaining, as developed by Walton and McKersie (1965). As the theory of their framework has already been outlined earlier in the chapter the proposed applicability to partnership studies is addressed only briefly here. The partnership literature suggests that partnership concerns a shift in relationships from predominantly adversarial towards more constructive and co-operative relationships. More specifically, speculations may be made regarding the characteristics of a successful partnership. Issues would be addressed in terms of common interests rather than conflicting interests, in other words increasing the size of the pie rather than slicing it. The focus would be on the interests of parties rather than the statement of positions, i.e. ‘interest bargaining’ as opposed to ‘positional bargaining’. Building trust would also be seen as an integral part of the partnership endeavour where it may be deemed of minor importance under distributive bargaining. There would also be an expectation that information would be free flowing rather than closely guarded. Tactically, problem solving and brainstorming would be more important than manipulation and delay. Partnership would also be expected to be more participative in terms of consultation, with the involvement of several actors rather than a small elite. In terms of outcomes, distributive outcomes would be expected to be more zero-sum, with integrative outcomes according more with some sense of positive sum or mutual gain outcome. It is suggested the framework provides a useful litmus test of the success of partnership.

2. Balancing efficiency, equity and voice?
The second analytical framework adopted has been devised by Budd (2004). He argues that the objectives of the employment relationship can be conceptualised as issues of efficiency, equity and voice. Given that partnership has been defined as “an attempt to marry social and efficiency issues”, and in the UK has pluralist
notions of employee voice at its core (Martinez-Lucio and Stuart, 2002, 254), this notion appears to chime with the idea of partnership.

![Figure 2.2 Balancing efficiency, equity and voice (Budd, 2004, 4).]

Budd builds upon the traditional economic view of the employment relationship, in which capital wants to increase profits and workers want higher wages, and argues that equity and voice are equally important objectives. The narrow economic focus, he argues, must be balanced with employees entitlement to fair treatment (equity) and the opportunity to have meaningful input into decisions (voice). He argues that extremes of either component are undesirable, and that a balance should be the ultimate aim.
Table 2.16
Efficiency, equity and voice

<table>
<thead>
<tr>
<th>Objective</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
</tr>
<tr>
<td>Market-based transactions and contracts</td>
<td>Allocative efficiency</td>
</tr>
<tr>
<td>Minimum labour standards (wages, hours, safety, family leave, advance notice, child labour)</td>
<td>Externalities (social cost, purchasing power), asymmetric information</td>
</tr>
<tr>
<td>Income maintenance (unemployment insurance, worker’s compensation, pension standards)</td>
<td>Asymmetric information, costly dispute resolution, liquidity constraints</td>
</tr>
<tr>
<td>Industrial peace</td>
<td>Externalities (social cost)</td>
</tr>
<tr>
<td>Increased labour bargaining power</td>
<td>Externalities (social cost, purchasing power) mobility costs</td>
</tr>
<tr>
<td>Workplace public goods</td>
<td>Externalities (free riders)</td>
</tr>
<tr>
<td>Equality of opportunity</td>
<td>Coordination failure, asymmetric information</td>
</tr>
<tr>
<td>Employee representation/participation</td>
<td>Coordination failure, costly dispute resolution</td>
</tr>
<tr>
<td>Just cause dismissal</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td>Minimum labour standards (wages, hours, safety, family leave, advance notice, child labour)</td>
<td>Human dignity (moral and religious)</td>
</tr>
<tr>
<td>Balanced distribution of income</td>
<td>Political equality/liberty</td>
</tr>
<tr>
<td>Equality of opportunity</td>
<td>Human dignity (moral and religious) political equality/liberty, due process rights</td>
</tr>
<tr>
<td>Just cause dismissal</td>
<td>Human dignity (moral and religious) political equality/liberty, due process rights</td>
</tr>
<tr>
<td><strong>Voice</strong></td>
<td></td>
</tr>
<tr>
<td>Industrial democracy</td>
<td>Political equality/liberty/democracy</td>
</tr>
<tr>
<td>Employee decision making and autonomy</td>
<td>Human dignity (moral and religious), psychological/social needs, property rights (stakeholder theory)</td>
</tr>
<tr>
<td>Free speech</td>
<td>Liberty/human dignity (moral)</td>
</tr>
<tr>
<td>Political employee voice</td>
<td>Political equality/liberty</td>
</tr>
</tbody>
</table>

Source: (Budd, 2004,19).

Budd acknowledges that these ideas are not necessarily new but have been discussed for a long time. For example as John R Commons stated in 1919:

“Representative democracy is neither the imagined anarchistic equality of individuals nor the socialistic dictatorship of labour, but it is the equilibrium of capital and labour – the class partnership of organised capital and organised labour in the public interest” (Commons, 1919, 43, cited in Budd, 2004).

Again, a similar notion has been expressed by Kochan in 1980:

“Industrial relations theories, research and policy prescriptions must be conscious of the relationships among the goals of workers, employer and the larger society and seek ways of achieving a workable and equitable balance among these interests” (Kochan 1980,21, cited in Budd, 2004)
As Edwards comments, the employment relationship is inherently contested:

“The employment relationship is a contest terrain embracing conflict and consent. From an employment relations point of view, there is an inherent management of uncertainty. For employees concerns include dignity and justice as well as economic interests” (Edwards, 2003, 5).

Similarly, as Hyman (1996, 67) acknowledges, “uncompromising militancy is a recipe for defeat and exclusion; unqualified collaboration invites grassroots alienation and perhaps revolt. Any effective system of representation is a contradictory combination of conflict and accommodation”.

In other words, the comments reinforce the notion that some kind of accommodation is desirable. The idea is also reflected in the current policy environment. As the government stated in 1997, in tune with their ‘Third Way’ objectives:

“For those in work, the Government has two key objectives for the labour market: efficiency and fairness. We want to see efficiency because we want people to work well enough and hard enough to generate prosperity for the country as a whole. And we want to see fairness because people at work deserve to be treated decently – and they perform better when they are. Efficiency and fairness are wholly compatible. It is perfectly possible to have a modern, flexible and efficient labour market which is both a vital engine for economic growth and business output and a means for people to find well-paid and satisfying jobs” (DTI, 1998, 4, emphasis added).

Admittedly, in terms of rhetoric a key DTI discussion document “High performance workplaces: the role of employee involvement in a modern economy”, appears to be focusing on the business case which is surprising given that the legislation emanates from European Social Policy. However, it is not really that remarkable given that all policies are couched rhetorically in terms of the intended audience, in this case the business community. Moreover, European social partnership also has a business case dimension as well. The Work Foundation also stress that information and consultation is not just about economic efficiency, but is equally concerned with issues of industrial citizenship. A similar point has also been made by Dundon et.al (2004), who argue that there is interest in voice for two reasons: high performance and high commitment, as well as issues of industrial citizenship, rights of workers to have their say, diversity, equality of opportunity and procedural justice. The links
between employment and wider society are also highlighted by Ackers (2002). Even Joseph Stiglitz – former Chief Economist at the World Bank has acknowledged the importance of voice for broader economic, social and political reasons:

“We care about the kind of society we live in. We believe in democracy...Democratic processes must entail open dialogue and broadly active civil engagement, and it requires that individuals have a voice in decisions that effect them, including economic decisions...Economic democracy is an essential part of a democratic society” (Stiglitz, 2000, 20).

The Budd model thus allows a schematic comparison of various industrial relations trajectories. As Figure 2.3 above illustrates the orthodox view is that the US model is characterised by free markets, voluntarism and more recently managerially driven HRM initiatives. This focus would put the US firmly in the bottom left of the triangle, reflecting the demise of the New Deal model. On the other hand, the European Social Model, with its emphasis on collective bargaining, employee representation, codetermination and neocorporatist social partnership would put the model towards the right of the triangle, given the focus on voice and equity. It also illustrates how this model has been challenged in recent times and criticised on the account that it can be inflexible and inefficient.

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**Figure 2.3** The UK, US and European Social Model compared
Moreover, recent arguments in all countries appear to demonstrate a degree of theoretical convergence. Mutual gains as promoted by Kochan and Osterman (1994) appear to be pushing towards the centre of the triangle, in attempts to increase the importance of voice and equity in US workplaces. A similar point could be made in relation to the ‘new’ European social model which has been traditionally strong on voice and equity, but has encountered criticism in relation to efficiency. In the UK context, it could be argued in the 1970s IR swayed too much towards voice and equity and was subsequently pushed towards a focus on efficiency at the expense of the other two objectives. UK style partnership, US mutual gains models and the ‘new’ European Social Model could all be viewed as an attempt to redress the balance.

In the British context, as Martinez-Lucio state, “it is generally accepted that in rhetorical terms, partnership is related to an approach to employment relations based on a belief – whether well founded or not - that there are employers that find it both ethically responsible and economically effective to co-operate with trade unions (and employees) on strategic matters of organisational change” (Martinez-Lucio and Stuart, 2004). This accords with Budd’s proposition that “debates over social partnerships can be interpreted as debates over balancing efficiency, equity and voice ” [and that] efficiency, equity and voice provide the dimensions for evaluating social partnerships” (Budd, 2004, 120). In terms of frames of reference discussed earlier, the arguments of Budd fall clearly within a pluralist conception of the employment relationship. It therefore appears to be a useful analytical tool in terms of evaluating the processes and outcomes of workplace partnership working.

In practical terms two main propositions may be made. Firstly, at the level of organisational decision making, it could be speculated that a successful partnership would be characterised by attempts to accommodate the competing demands of stakeholders in some way. On occasion this may mean that the union acknowledges certain demands would be uneconomical, while on others it would be expected that the employer would demonstrate due regard for employees in terms of the fairness of decisions. Secondly, in terms of outcomes of partnership overall, it could be
speculated that outcomes in a successful partnership would be more balanced than they may otherwise have been. Again, it is important to note that though partnership is a process in which voice involves an attempt to balance equity and efficiency, this does not necessarily mean that this is actually an outcome, but rather that partnership is a process which involves such an attempt to balance equity and efficiency. This supports the argument that there is a need to draw an analytical distinctions between process and outcomes. It is proposed that these represent two useful tests of partnership.

Conclusion

This chapter began by highlighting the definitional ambiguity surrounding the notion of partnership, and reviewed the definitions offered by academic commentators, stakeholder bodies and organisations espousing partnership approaches. There was evidence from this review to suggest that there is a convergence around a common set of prescriptions and assumptions concerning ideas of employee voice, trust, a commitment to the success of the enterprise, as well as reciprocity and mutual gains. There was also evidence to suggest that, despite drawing upon a long history of British IR traditions, partnership does represent something quite distinctive from previous ideas such as employee involvement or human resource management. Key differences include a renewed pluralist commitment to employee representation, and the fact that partnership appears to be driven by a dual efficiency/equity logic in contrast to more managerially driven instrumental EI driven by business expediency. It has been proposed that partnership has a long genesis in the UK and warns against caricaturing British IR has predominantly adversarial. Nevertheless, in its current form interest in partnership can be traced to the influences of the European Social Model as well as the US ‘mutual gains’ literature. Both these approaches share concerns with combining fair treatment of employees with productive, competitive organisations, and the idea that the two should not be mutually exclusive. It has also been argued that it is important to explore partnership in the UK in context.
Again, a desire to improve employment relations is certainly nothing new; rather IR reform and improvement was a perennial issue throughout the twentieth century. Indeed, often the state has been involved in encouraging such reforms and as such there are limits to the orthodox view that state abstention and voluntarism was the norm in Britain. Nevertheless, decollectivisation did occur following the election of the anti-union Thatcher government in 1979, and the sudden removal of state support for unions is clearly one of the key factors explaining a decline in union membership and the dilution of union voice. The bleak environment for unions and the decline of collective employment relations provide crucial context to the interest in partnership.

New Labour endorsed partnership as a central plank of their commitment to ‘modernise’ employment relations, underpinned by the Third Way notions of reconciling the interests of both the business community and workers. After the failures of the 1970s, it was clear the government favoured a new approach, characterised partly by a shift towards more government regulation and the promotion of partnership, although there was little interest in a corporatist level system of social partnership. Partnership was also promoted by the long established Involvement and Participation Association, and the TUC took an interest accepting that militancy was out, and co-operation was out. For unions, partnership arguably presented an opportunity for them to ‘get their foot back in the door’. Perhaps unsurprisingly employer bodies have generally adopted pragmatic stances, often endorsing partnership but opposing regulation which compels firms to adopt systems which they argue may not meet specific organisational needs. Pragmatism also describes the attitudes of employers to partnership. Often partnership was agreed where there was a specific industrial relations problem, and in some cases perhaps reflected the failure of EI style direct involvement alone. It is also interesting that partnership was favoured by many service sector organisations which are highly vulnerable to poor industrial relations.

The chapter has demonstrated how the merits and demerits of partnership has led to a starkly polarised debate between advocates and critics, with the debates focusing
upon the likely impact on trade union renewal, and the reality of the mutual gains rhetoric. Most support has come from policymakers, while academic commentators have either been cautiously supportive, or overtly dismissive of partnership. Academic disagreement can largely be explained using IR frames of reference, with radical IR theorists suggesting that partnership is likely to be futile and superficial, while pluralists are more positive, suggesting that a strong partnership may help to level the employer/employee playing field. Unitarist perspectives are characteristic of employer bodies such as the CBI, who are concerned that partnership may be unnecessary and intrusive. The empirical evidence is also mixed, although admittedly pessimistic studies outnumber the optimistic. More recent studies, however, have begun to suggest that partnership need not necessarily have any predetermined consequences and that a variety of outcomes are possible.

Several limitations of the literature were identified. These included the ideological dimension of partnership and the influence political colours are likely to have on researchers opinions and interpretation of findings. There is also a lack of sensitivity to context, with research often glossing over crucial contextual issues, which are essential if an informed assessment of partnership is to be made. Methodologically, studies provide little assessment of worker attitudes but tend to conflate these with the views of union officials. There is also a lack of comparative case study research which would allow a greater degree of analytical generalisation. There are also issues regarding the rigour of both qualitative and quantitative studies, as well as a lack of sensitivity to different forms of partnership arrangement. The most important limitation is the crude focus on ‘outcomes’, despite the problem that such outcomes are notoriously difficult to quantify, and in addition, partnership is about much more than just outcomes. The impact on the regulation of employment relations simply cannot be deduced from ‘measures’ such as pay or holidays, as this may miss subtle but important nuances such as behavioural and attitudinal transformation which make partnership a distinctive social phenomenon. Indeed, it is simply too easy to set partnership up as a straw man with the aim of tearing it down.
Accordingly, this thesis aims to address the limitations identified in several ways. Firstly, it is believed that any study of partnership must be grounded in context. Secondly, there is a need to clarify the meaning of partnership. Thirdly, it is important to understand much more about the process of partnership, for example actor relationships or the way decisions are made, in addition to the outcomes. Of course outcomes cannot be ignored but there is also a need to reconsider how they are assessed. It is suggested that the two analytical frameworks proposed by Walton and McKersie (1965) and Budd (2004) provide excellent analytical devices for this purpose, and may be used to facilitate an assessment of partnership relationships, the way decisions are made, and the outcomes of decisions. In light of the limitations of existing research, the methodological approach adopted in this study is outlined in detail in Chapter Three.
Chapter 3: Research Methodology

Introduction

The previous chapter offered a review of the literature on partnership, and highlighted some of the limitations of the current research literature. It was argued that there was a need for a more sophisticated understanding of the context and process of partnership in order to transcend the over-simplistic arguments ‘for’ and ‘against’. Moreover it was suggested that there is a need to re-evaluate the way we measure outcomes and define success, and to avoid the use of crude labour outcomes alone. The purpose of this chapter is to outline the research methods adopted in this study, and to explain their suitability. The chapter is divided into four main sections. The first section provides a review of different general methodological approaches. The second section considers methodological traditions in industrial relations research. The third section provides an outline of the research design adopted in this particular study, while the final section provides details of the research and data collection process.

Research theories and perspectives

In selecting methods for any research inquiry, there appears to be a philosophical spectrum of thought in terms of the very logic of research, and therefore the appropriate approach the investigator ought to take. For Guba and Lincoln (1998) research issues of method are secondary to issues of research paradigm:

‘Paradigm issues are crucial; no inquirer ought to go about the business of inquiry without being clear about just what paradigm informs and guides his or her approach’ (Guba and Lincoln, 1998, 218).

In other words, there is a need to understand different approaches to research, and the way we look at and make sense of the world. Thus, philosophical issues of epistemology and ontology are important. Epistemology concerns the nature, form,
acquisition and communication of knowledge. Ontology, on the other hand concerns the very nature of the social phenomena being investigated. Accordingly, there are strong debates in the literature regarding different approaches to research including the differences between positivism and interpretivism/phenomenology. The former supports the use of natural science methods in the social sciences, whereas the latter is concerned with how things appear to people and how they experience the world (see Table 3.1). For example, Burrell and Morgan make a distinction between nomothetic methodologies on the one hand, and ideographic methodologies on the other. Nomothetic methodologies concern a systematic approach following protocol and are typical in the natural sciences, and often involve the testing of general theories that predict and explain behaviour (Burrell and Morgan, 1979). Emphasis is on deduction and the testing of hypotheses as well as causal explanations and laws. Ideographic methods, on the other hand, focus on subjective accounts and ‘getting inside’ situations, and generating theory grounded in empirical observations by gaining access to actors subjectivity and culture (Gill and Johnson, 1999). This is clearly related to debates regarding the use of quantitative and qualitative methods (Bryman, 1988).

<table>
<thead>
<tr>
<th>Theory</th>
<th>Deductive</th>
<th>Inductive</th>
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</thead>
<tbody>
<tr>
<td>Theory (cause and effect)</td>
<td>Deductive</td>
<td>Inductive</td>
</tr>
<tr>
<td>Epistemology (valid knowledge)</td>
<td>Positivism</td>
<td>Interpretivism</td>
</tr>
<tr>
<td>Ontology (essence of phenomena)</td>
<td>Objectivism</td>
<td>Constructionism</td>
</tr>
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To illustrate simply, competing methodological approaches can be placed on a continuum between the ‘classical approach’ and ‘ethnography’ (see Table 3.2). The former approach typically concerns approaches such as laboratory experiments characterised by a deductive approach to theory, hypothesis testing, and highly structured methods such as those employed in the natural sciences. Conversely, ethnography is rooted firmly within the inductive tradition, and emphasis is on ‘getting inside’ situations and understanding subjects meaning and interpretational systems. Writers holding an interpretivist methodology have been critical of the use of the scientific model in the study of the social world, and argue that studying people and institutions is fundamentally different from studies in the natural
This reflects Weber’s notion of a ‘Verstehen’ approach which stresses the need for “interpretive understanding of social action in order to arrive at a causal explanation of its course and effects” (1947, 88). Ethnography would therefore have minimum structure and use mainly qualitative data. Lying somewhere in between the two extremes would be approaches such as quasi-experiments and action research. The contrasting research traditions are illustrated in Table 3.2 below.

### Table 3.2
Contrasting research traditions

<table>
<thead>
<tr>
<th>Nomothetic methods emphasize</th>
<th>Ideographic methods emphasize</th>
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<tbody>
<tr>
<td>1. Deductive</td>
<td>1. Induction</td>
</tr>
<tr>
<td>2. Explanation via analysis of causal relationships and explanation by covering laws (etic)</td>
<td>2. Explanation of subjective meaning systems and explanation by understanding (emic)</td>
</tr>
<tr>
<td>3. Generation and use if quantitative data</td>
<td>3. Generation and use of qualitative data</td>
</tr>
<tr>
<td>4. Use of various control, physical or statistical, so as to allow the testing if hypotheses</td>
<td>4. Commitment to research in everyday settings to allow access to and to minimise reactivity among the subjects of research</td>
</tr>
<tr>
<td>5. Highly structured research methodology to ensure the replicability of 1,2,3,4</td>
<td>5. Minimum structure to ensure 2,3,4 (as result of 1)</td>
</tr>
<tr>
<td>Laboratory experiments, quasi-experiments, surveys, action research, ethnography, grounded theory.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Gill and Johnson, 2002, 44

Of course, while it is useful to explore and appreciate the different traditions (Guba and Lincoln, 1998), it is equally important not to overstate the differences between them. An appreciation of the differences in terms of theory, and epistemological and ontological worldview is nonetheless useful, in appreciating the belief system of different researchers, and the strengths and weaknesses of different approaches. It also means researchers can engage more critically with other published work. Accordingly, it could be argued that, in terms of research perspective, this research was informed by an interpretivist epistemological approach, and a blend of both inductive and deductive approaches to theory, with the literature providing basic questions, but also allowing new questions to emerge from the data. Nevertheless, real world research is seldom so straightforward.
As Gill and Johnson comment:

“The rational model of the traditional methods textbook, which presents the research process as an idealised, neat set of logically directed steps, does not of course provide a description of the way in which research is actually conducted” (Gill and Johnson, 2002, 193).

Similarly, Marshall and Rossman (1995, 15) admit that “real research is often confusing, messy, intensely frustrating and fundamentally non-linear”. In reality often research questions do not lend themselves to either of the ‘pure’ approaches. The main focus is utilising techniques most appropriate to these issues at hand. Ackroyd illustrates the view that often it is a case of horses for courses stating that:

“Methods are means of accomplishing things, and should be thought about as being like tools. It all depends what kind of tasks there are to do and what is being sought to accomplish what tool should be used. To borrow an analogy from Lawson (1994, 258), a big stick may be useful for cleaning a dusty old mat but it is not useful for cleaning a dirty window” (Ackroyd, 2004)

Although an awareness of different methodological traditions is clearly important, as an old proverb states, “For he who has but one tool, the hammer, the whole world looks like a nail” (quoted in Gill and Johnson, 2002, 10). Thus, many commentators have endorsed an approach of ‘methodological pluralism’ (Gill and Johnson, 2002, 11), viewing the researcher as ‘bricoleur’ (Denzin and Lincoln, 1998, 3). This suggests a more pragmatic, emergent approach, and range of different methods are employed and pieced together to solve the research puzzle. Thus “the choice of research practices depends upon the questions that are asked, and the questions depend on their context” (Nelson et.al, 1992, 2), as well as the opportunities and type of evidence that turn up. As Gill and Johnson conclude, “there is no one best method but many methods contingent on the issue being studied regardless of epistemological biases” (Gill and Johnson, 2002, 11), and qualitative methodology is inherently multi-method in focus (Denzin, 1989, Brewer and Hunter, 1989, Patton, 1990).
Methodological traditions in industrial relations research

Today a positivist approach remains dominant in management research and would be placed at towards the left of the continuum in Table 3.3 (Alvesson and Deetz, 2000; Alvesson and Wilmott, 1996), although the use of qualitative methods have begun to increase (Gummesson, 1999; Yin, 2003). Qualitative research has been criticised as ‘soft science’ or even ‘journalism’, on the grounds that it is unscientific, only exploratory or full of bias (Denzin and Lincoln, 1998, 7). To some extent the industrial relations research tradition is at odds with this. British IR research has been “inductive, qualitative, concerned with applied/policy oriented problems and relatively a-theoretical (or at most concerned with middle range theory)” (Whitfield and Strauss, 2000), or what Marginson refers to as the “empirically founded inductive tradition of the field” (Marginson, 1998, 384). This is illustrated by examples of workplace ethnographic studies including Lupton (1963), Beynon (1984), Pollert (1981) and Delbridge (1998), which would be placed towards the right side of the continuum in Table 3.2, in stark contrast to the favoured approaches in the natural sciences.

IR research traditions vary internationally however. US IR research has been identified as the most quantitative oriented (88%), whereas the UK was fairly evenly balanced (51%), and in Germany only 1/3 of articles were quantitative (Frege, 2005). This is seen to reflect a long standing bias in US social science towards quantitative research, whereas sociology has been much stronger within European IR. However, in the UK context two traditions are apparent with the LSE-based British Journal of Industrial Relations more quantitative, and the Industrial Relations Journal (IRJ) publishing more qualitative sociological work (see also Heery, 2005). However it has been argued that there is an increasing influence from the field of labour economics and associated questions and preferred methodologies, which often focus upon identifying measurable outcomes (see for example BJIR, September 2005). Indeed, the UK ESRC has identified a ‘quantitative deficit’ among UK social scientists for over a decade, and is currently
undertaking work examining the need for ‘quantitative-skill capacity building’ among the social science research community (ESRC, 2006).

However, Whitfield and Strauss (2000, 147) identify a shift towards deduction and quantification in the mainstream journals, pushing IR research in a new direction. Reasons for this are said to include: computer technology; availability of large data sets such as WERS; shift of research focus from institutions to individuals, and a “growing opinion among some researchers that the main IR journals favoured quantitative pieces”. It has been suggested that in the 1980s “qualitative case study research was eclipsed by the quantitative survey method” (Ackers and Wilkinson, 2003, 451), and the tradition of sociology in IR gave way to economics. Some have argued that there are severe limitations of a macro-survey approach to industrial relations research, describing it as “often second order desktop research”, and that often such studies merely confirm what was already thought to have been the case, and provide few causal explanations of why changes occurred. Quantitative methods have also been criticised on the grounds that the British IR tradition has been for researchers to ‘get their hands dirty’ out in the field, whereas quantitative research often employs agency interviewers to conduct the fieldwork on their behalf (McCarthy, 1993, 318)

Again this leads back to the debate over whether quantitative methods are ‘better’ than qualitative techniques as illustrated in Table 3.3 (Bryman, 1998). Pragmatists suggest a symbiotic relationship: surveys can inform case study design, while case study design can inform surveys i.e. a two way process shaping case study research or informing its findings (Marginson, 1998). Again, even critics of quantitative research like McCarthy (1993) acknowledge that the two traditions may be complementary; he is more concerned that quantitative techniques should not become the dominant mode of IR research.
The potentially complementary nature of qualitative and quantitative techniques is illustrated by Brown and Wright (1994) who remark that:

“Large-scale surveys are in much of social science best iterated with in-depth fieldwork. Unless their questions receive constant refreshment from case studies, they cease to engage with the phenomena they seek to observe measure. Unless case study findings are placed in a statistical perspective, their significance may be ignored” (Brown and Wright, 1994, 162).

Thus, the aim in this study was to employ the methods most appropriate to the particular issues being investigated (Bryman, 1998), and this is explored in more detail in the following section.

### Research approach and design: the case study method

This study is concerned to establish a deeper understanding of partnership working, and to transcend the advocates/critics deadlock. It is argued that there is a need to try to transcend the existing polarised debate, and in particular to understand the way partnership plays out in different contexts, the nature of relationships and the way issues are handled, as well as the way actors experience partnership and perceive the outcomes. It is argued that outcomes cannot be fully understood without paying due attention to issues of context and process. Moreover, the study aims to understand what actors understand by partnership given that it is such an ill-defined term (Guest and Peccei, 2001). Given the concern with the way organisational actors perceive and interpret situations, a qualitative approach was thought to be essential, in order to understand issues of meaning and process. This reflects wider industrial relations critiques of neo-classical economics on the grounds that such traditions overlook the importance of contexts and the role of

### Table 3.3
Quantitative versus qualitative research

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<tr>
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<th>Strengths</th>
<th>Weakness</th>
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<tbody>
<tr>
<td>Qualitative research</td>
<td>- Close</td>
<td>- Time consuming</td>
</tr>
<tr>
<td>Quantitative research</td>
<td>- Generalisability</td>
<td>- Limited understanding of processes</td>
</tr>
<tr>
<td></td>
<td>- Transparency</td>
<td>- Distant</td>
</tr>
<tr>
<td></td>
<td>- Quick</td>
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"..."
institutions. With a topic like partnership, contextual variables such as different firms, sectoral norms and institutions are highly likely to be germane to the topic of study in explaining the diversity of IR practice. After all:

“Qualitative research is multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them. Qualitative research involves the studied use and collection of a variety of empirical materials—case study, personal experience, introspective, life story, interview, observational, historical, interactional and visual texts—that describe routine and problematic moments and meanings in individuals’ lives.” (Denzin and Lincoln, 2003, 3).

Mintzberg (1977) argues that an inductive approach is useful when there is a need to understand soft variables suggesting that,

“Research will bear the most fruit when it is inductive; since the need is to build new theories; when it is creative; since the need is for considerable conceptual leaps forward; and when it is focused in the field; where the richness of complexity is found. ...A significant share of the research efforts should be devoted to intensive probes into single organisations. Small sample research will bring order to the array of soft variables in question” (Mintzberg, 1977, 94, emphasis added).

The use of quantitative indicators to ‘measure’ partnership is inherently problematic, and using raw labour outcomes as indicators may reveal little about the quality of employment relations. Moreover, such indicators reveal little about why such outcomes are the case. Accordingly, a case study methodology was thought to be particularly appropriate because of the rich data it can yield, according with the long established history in the field of industrial relations:

“The archetypal [industrial relations research] during [the] ‘golden age’ involved the undertaking of a case study, and IR researchers typically got into the field and met practitioners” (Whitfield and Strauss, 2000, 141).

Theoretically, the approach taken reflects several aspects of critical realism (CR). Critical realism as a philosophy of science prioritises issues of ontology over epistemology, and suggests that the way the world is should guide how knowledge about it can be obtained. Critical realism may been seen as a middle way between
positivism, with its focus on observable events, and postmodernism which typically demonstrates a social constructionist ontology. Critical realists reject the positivists focus on measurement and quantification, but also the postmodernist downplaying of the role of non-linguistic, non-discursive or non-semiotic phenomena. There are also parallels between critical realism and institutionalism, such as the focus on the role of institutions, the belief in the importance of human agency and of cultural and cognitive frameworks, as well as issues of power and conflict. Where the two theories differ perhaps is that critical realists are interested in ‘social structures’ whereas institutionalists are interested in ‘institutions’, although the difference is possibly only semantic, give that an institution may be defined as a specific kind of social structure (Hesketh and Fleetwood, 2006). In many ways this reflects industrial relations traditional focus upon structures such as organisations, trade unions, and related habits, procedures and rules (Ackers, 2002).

Definitions of case studies
Case studies have been defined as inquiries where context is deemed to be important:

“A case study is an empirical inquiry that investigates a phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2003, 13).

“The researcher explores in depth a program, an event, an activity, a process, or one or more individuals. The case(s) are bounded by time, and activity, researchers collect detailed information using a variety of data collection procedures over a sustained period of time” (Creswell, 2003, 15).

According to Stake (1995, 47) qualitative case studies have four main characteristics. Firstly, they are holistic as the case is seen to be a bounded system. Secondly, an empirical field oriented approach is adopted. Thirdly, they are interpretive, since “researchers rely more on intuition, with many criteria not specified…and that it is attuned to the fact that research is a researcher-subject interaction”. Fourthly, they are empathetic and responsive to emergent themes, and seek to understand the actors frame of reference. This is especially important in relation to new and exploratory topics where it is difficult to predict in advance what would be the most appropriate questions to ask. Again, these features reinforce its
suitability for this particular research project where the emphasis was on understanding what actors understand by partnership in different contexts.

**Multiple case studies**

Stake (2000) delineates three types of case studies: intrinsic, instrumental, and collective, although he acknowledges that the three are not necessarily mutually exclusive. Intrinsic case studies focus on a case that is unusual and is of particular interest to the researcher (Creswell, 1998; Stake, 2000). The intent is not to build theory, but because the case itself is thought to be of interest (Stake, 2000). An instrumental case study is pursued in order to provide insight about a particular issue that may be generalisable (Creswell, 2003). The primary purpose of an instrumental case study is to help advance understanding and refine theory. The case itself is of secondary interest, it is a broader external interest which forms the main interest (Stake, 2000). The comparative case study encompasses more than one case "in order to investigate a phenomenon, population, or general condition" (Stake, 2000, p. 437). Since the purpose is to help advance understanding, a collective case study is a grouping of instrumental case studies, and they may be similar or dissimilar (Stake, 2000). Using a collective case study approach can allow for the possibility of stronger interpretation and "perhaps better theorizing" (Stake, 2000, p. 437). Regardless of whether the purpose is replication or contrast, multiple case studies are "considered more compelling, and the overall study is therefore regarded as more robust" (Yin, 2003, p. 46).
**Rationale for case studies**

As Yin states, the case study is useful when you want to uncover contextual conditions:

“The major rationale for using this method [i.e., a case study] is when your investigation must cover both a particular phenomenon and the context within which the phenomenon is occurring.” (Yin, 2003). He argues that “you would use the case study method because you deliberately want to uncover contextual conditions – believing they may be highly pertinent to your phenomenon of study” (Yin, 1994, 13).

The case study design is also employed to gain an in-depth understanding of the situation and meaning for those involved. The interest is in process rather than outcomes, in context rather than a specific variable, in discovery rather than confirmation. As Merriam (1998) points out, "Case study is a particularly suitable design if you are interested in process" (p.33). Similarly, as Burns comments, “Case study is used to gain in-depth understanding replete with meaning for the subject, focusing on process rather than outcome, on discovery rather than confirmation (Burns, 2000, 460). A case study is also useful when the aim is to understand ‘how’ and ‘why’. As Yin states:

“In general case studies are the preferred strategy when “how” or “why” questions are being posed, when the investigator has little control over events and the focus is on contemporary as opposed to historical phenomena” (Yin, 2003, 1).

He adds:

“How and why questions are more explanatory and likely to lead to the use of case studies, histories and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time rather than mere frequencies or incidences” (Yin, 2003, 6).

This resonates with the central aim of this research: to understand more about how and why partnership plays out in practice, as perceived by different organisational actors. It is believed that the soft intangible variables in question would be very difficult to capture with quantitative methods. As Hartley (1994, 332) comments,

“The key feature of the case study approach is not method or data but the emphasis on understanding processes as they occur in their context. Research questions about ‘how’ and ‘why’ rather than ‘what’ or ‘how much’ are best suited to the case study strategy. The emphasis is not on divorcing context from the topic under investigation but rather to see this as a strength and to
explore in the interactions of phenomena and context. Much case study research, because of the opportunity for open-ended inquiry is able to draw on inductive methods of research which aim to build theory and generate hypotheses rather than primarily to test them”.

Thus, the central research questions of this study would not be easily discernible from a survey. For instance, given the conceptual confusion surrounding the notion of partnership (Guest and Peccei, 2001), it would be difficult to check that respondents are interpreting questions in standard ways. A case study approach therefore provides the opportunity for the ‘story’ to be clarified (Stake, 1995).

**Criticisms of case studies**

Common criticisms of case studies include bias, inability to generalise, lack of rigour, and low reliability. In relation to bias, it is argued that with case studies there is a high degree of subjectivity in selecting evidence or devising explanations of evidence. In particular, it is argued that it is easy for the investigator to be influenced by personal views. However, bias enters the conduct of experiments or questionnaire design as well. (Burns, 2000). Eisenhardt (1989) argues that, on the contrary, the opposite is true as when researchers are faced with conflicting realities actually ‘unfreezes’ thinking thus meaning the potential to actually build theory with less researcher bias than axiomatic deduction. Moreover, the use of multiple sources of evidence and data also reduce concerns regarding investigator subjectivity (Yin, 2003), and this reinforces the importance of triangulation (Denzin, 1970).

Case studies are also criticised in relation to their inability to generalise, a criticism commonly made by those holding a more positivist orientation (Gummerson, 1991; Yin, 2003), and is therefore inherently linked with philosophical perspectives on research outlined in the first section of this chapter. The key objective of case study research is building and testing theory – theoretical generalisation (Eisenhardt, 1989; Yin, 2003), seeing through the eyes of respondents and to dig beneath the surface. For Stake (1995) case studies are studies of the particular, not the general. Again, this may at first seem like a reasonable criticism of case study research. After all, how can generalisations possibly be made from three discrete cases of
partnership? But to a large extent it misses the very point of case study research. It is not proposed that the findings of the three cases will be replicated in other organisations. Yet this does not mean that the discoveries and understandings raised from the experiences of the three organisations are not useful or relevant to other organisations. As Yin remarks:

“Two case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes. In doing a case study, your goal will be to expand and generate theories (analytic generalisation) and not to enumerate frequencies (statistical generalisation)” (Yin, 2003, 10).

Case studies are not a ‘sample of one’ and are not intended to be representative. This is in stark contrast to the purpose of survey research, involving the generation of new theory from empirical findings (i.e. elements of an inductive approach). Even a single case study could potentially falsify over-ambitious quantitative generalisations. To borrow from Popper’s white swan analogy, a single partnership case study may falsify or qualify the over zealous predictions of the partnership enthusiasts. Equally, a single case study could reveal that the gloomy predictions of Kelly (1996) were not only pessimistic but also deterministic. By comparing the case study evidence, literature thus increases the internal validity and generalisability, and in turn the level of theory building possible from the cases (Eisenhardt, 1989). Large scale surveys can perhaps be used to compare the findings with general trends. As Scott concludes, “Case studies are not about indicating how common a particular phenomenon is, but rather about helping one to understand situations” (Scott, 1994, 30).

Case studies have also been subject to criticism on the basis that they often lack rigour (Yin, 2003). A comment in a recent Editorial of the British Journal of Industrial Relations illustrates this kind of criticism in relation to qualitative research such as case studies:

“Some of the qualitative submissions we receive are poorly designed, with a rather unsystematic analysis of evidence. It may be that researchers in this tradition need to pay more regard to questions of technique in the manner of their quantitative peers” (Heery, 2005, 6).
However, the same argument could be made vis-à-vis poorly designed and poorly executed positivist research. Potential problems associated with a lack of rigour are certainly not unique to case study research. Perhaps the difficulties in the quality control of case study research is that the techniques involved cannot be easily taken ‘off the shelf’, and good approaches cannot simply be trained and monitored in a classroom. Moreover, while a researcher’s quantitative data set could be examined relatively quickly by an enthusiastic reviewer, it is likely to be much more difficult to review hundreds of original transcripts to judge rigour and check interpretation. For the researcher, this demands that the research design and methods are as transparent as possible, in order to demonstrate that academic rigour was maintained.

Of course, quantitative approaches, such as surveys in industrial relations, also have their uses. The recent Workplace Employment Relations Series is a good illustration (Kersley et.al, 2005). WERS04 involved interviews with 3000 managers, 1000 worker representatives and 20,000 employees, although earlier projects focused upon senior HR managers and union representatives. However, there are limitations to such research. For example, the latest WERS reveals that joint consultative committees were present in 14% of workplaces with 10 or more employees in 2004 (Kersely et.al, 2004). Though useful in providing an overview as to how common such institutions are, this reveals little about how they work and operate in practice. As Marchington and Wilkinson comment,

“Survey questions about the extensiveness (or absence and presence) tell us nothing about the degree to which schemes are embedded within a workplace or an organisation...analysis based on survey data which is abstracted from organisational context can gloss over the real meaning and interpretation of these processes” (Marchington and Wilkinson, 2005, 407).

This is especially important given the fact that partnership is a contested and nebulous concept, and concerns human relationships which means different things to different people. For example, Chapter 6 reveals how the formal JCNC at BuSoc – ostensibly the main representative body – was found to be much less important in reality with most decision-making occurring during informal corridor conversations and meals between senior figures. WERS may reveal, in response to a yes or no
question whether a committee formally exists, and perhaps also how often it meets, but reveals little about how a committee actually operates. This is where case studies are useful, as they allow investigators to probe beneath the surface of management policy and official structures.

There are two main limitations of such quantitative approaches. Results from large scale surveys of the workplace may provide limited understanding as to why a finding may be the case. For example, the 2004 WERS series reveals that mutual trust between managers and non-union representatives is twice as high (64%) than managers and union representatives (31%). It also suggests that ‘no trust’ is higher where there are union representatives (23%) as opposed to non-union representatives (7%). These are very interesting findings about what is happening, but tell us very little about why this may be the case, though several reasons may be speculated. Are managers really twice as likely to have mutual trust with non-union representatives? Or is it because of different expectations? Is there a higher level of political consciousness in unionised workplaces? Can it be explained in terms of unionateness (Blackburn, 1967). Is it because union representatives are more like to experience suspicion from anti-union managements leading to mutual suspicion as opposed to mutual trust? Are non-union representatives less challenging because of their less secure position? Is it because appointments to non-union forums are more like to have been ‘filtered’ by the management team to prevent anybody considered too ‘militant’ from becoming a representative? Is it because non-union representatives are somehow different to their union counterparts? Similarly, Bryson et.al (2006, 453) conclude from their quantitative studies that there was a strong positive relationship between worker perceptions of managerial responsiveness and managerial perceptions of productivity, but little relationship between voice practices and productivity, and the relationship between responsiveness and productivity only applied in non-union workplaces. They admit that this is “rather a puzzle” requiring qualitative research to investigate causality and understand more about these relationships. This reinforces the point that quantitative and qualitative approaches can be symbiotic and complementary as opposed to mutually exclusive.
Yin (2003) uses the analogy of detective work to explain case study research, suggesting that it requires sifting through various sources of evidence in order to make sense and understand what has happened and how it has happened. In practice, case studies typically combine interviews, questionnaires, archival searches and observation (Eisenhardt, 1989). The use of several kinds of methods or data is often referred to as triangulation (Denzin, 1978). He identifies four main types of triangulation as outlined in Table 3.4 below.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Applicability to this study</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  Data triangulation</td>
<td>Different people, different times, different places</td>
</tr>
<tr>
<td>2  Investigator triangulation</td>
<td>N/A</td>
</tr>
<tr>
<td>3  Theory triangulation</td>
<td>Different approaches from a range of disciplines</td>
</tr>
<tr>
<td>4  Methodological triangulation</td>
<td>Documents, minutes, unstructured interviews, semi-structured interviews, observations</td>
</tr>
</tbody>
</table>

An ideal study may employ multiple triangulations across all four dimensions, in other words, multiple methods, data sources, researchers and perspectives. A reasonable example of this from the area of employee participation would be the 1990s UMIST studies into employee involvement (Marchington et.al, 1992). In reality, however, this is not always possible. The limited financial and time constraints must be taken into account. The use of multiple researchers is unlikely to be possible in doctoral studies. Organisational access constraints also mean the researcher must be pragmatic. For example, in this particular study participant observation is a highly attractive method, but such high level access is difficult to negotiate in many organisations. For the purposes of this study, triangulation was primarily in the form of data triangulation, that is interviewing a wide range of different stakeholders in order to achieve multiple perspectives. Yin (2003, 34) suggests that multiple sources of evidence are important “in the development of converging lines of enquiry”. Secondly, there is methodological triangulation by combining interview data, with secondary source material including documentation, statistics, presentations, reports and evidence from the quality media. Though theoretical triangulation may not be the most obvious form of triangulation, it is also
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relevant to this study. After all, the field of human resource management and industrial relations is influenced strongly by various disciplines including economics, sociology, politics, management science and psychology. This is perhaps best illustrated by the diversity of literatures referred to in Chapter 2.

The research process and data collection

The research project began in April 2003. A large number of financial service organisations were contacted to ask whether they would be willing to participate in a short exploratory research interview to discuss employment relations within their organisation. Letters were personally addressed to a senior HR figure within the organisation (see Appendix A). Six organisations responded to the letter and 4 personnel figures at the respective organisations agreed to an interview. There was a need to identify whether the organisations could be categorised as being ‘partnership organisations’, given the ambiguity of the concept. In order to qualify, companies had to demonstrate a formal representative body, and prima facie evidence of a partnership style of working. Two organisations were affiliated to the Involvement and Participation Association, and were therefore au fait with the language and theory of partnership. At the third organisation, partnership was not used as a term but the organisations met the criteria in terms of a having a formal representative structure in the form of a staff union, and a history of collaborative management-union relations, and implicit commitments to many of the notions associated with partnership. The Employee Relations contact was familiar with the partnership term, but suggested that the union were keen to avoid such terminology. However, this confirms the notion in the literature that informal partnerships may occur without the use of the actual language (Ackers et.al, 2004; Oxenbridge and Brown, 2004a). The fourth organisation suggested it would be unable to co-operate further due to the complexities of a takeover by a major European bank, which was agreed in the weeks following the initial meetings.
Interviews were also arranged with key stakeholders at various peak bodies which also had an interest in partnership. It was decided that, given partnership is such a slippery concept, an appropriate way to begin would be to clarify the usage of partnership among different stakeholder organisations, to obtain a general ‘feel’ for the meaning of the concept. Invitations for a one hour research interview were sent to named contacts at the Department of Trade and Industry, TUC, Acas, CIPD, CIPD and IoD and CBI (see Appendix A). Interviews were subsequently arranged with figures at the DTI, CIPD, Acas and TUC. The Institute of Directors were unwilling to arrange a formal interview, but offered some press releases and other position documents. After three unsuccessful attempts to arrange an interview with the CBI, a response was received from the Head of Employee Relations confirming he would be unavailable for an interview to discuss partnership. These are summarised in Table 3.5 below.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Interviewee</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acas</td>
<td>Terry Lippiatt</td>
<td>National Conciliator</td>
<td>13.01.2004</td>
</tr>
<tr>
<td>CIPD</td>
<td>Mike Emmott</td>
<td>Head of Employee Relations</td>
<td>21.01.2004</td>
</tr>
<tr>
<td>IPA</td>
<td>Robert Stevens</td>
<td>Information Manager</td>
<td>13.01.2004; 01.06.2006</td>
</tr>
<tr>
<td>TUC</td>
<td>Richard Excell</td>
<td>Senior Policy Adviser</td>
<td>16.01.2004</td>
</tr>
<tr>
<td>CBI</td>
<td>Neil Bentley</td>
<td>Unavailable</td>
<td>“Not in a position to comply with your request” (Personal correspondence, 09.02.04)</td>
</tr>
<tr>
<td>DTI</td>
<td>Sunil Shahaney</td>
<td>Unavailable</td>
<td>17.05.2004</td>
</tr>
<tr>
<td>IoD</td>
<td>Richard Wilson</td>
<td>Unavailable</td>
<td>Unavailable</td>
</tr>
</tbody>
</table>

The key organisational gatekeepers were the Employee Relations Manager at NatBank headquarters in London, Employee Relations Consultant at BuSoc and HR Business Partner at WebBank. Three different interview schedules were then developed (see Appendix B). Formal interviews were then conducted at BuSoc in November 2004 and February 2005, at NatBank in March 2005, and WebBank in April 2005.
Justification of the case selection

The selection of cases is central to case study research. As Eisenhardt states,

“The selection of cases is an important aspect of building theory from case studies. As in hypothesis testing research, the concept of population is crucial, because the population defines a set of entities for which the research sample is to be drawn” (Eisenhardt, 1989, 536).

The initial design was to undertake 4 case studies, but this was reduced to 3 when the fourth organisation dropped out due to a business takeover. This was not considered to be a particular problem given that more importance was placed upon the quality of the cases, as opposed to the quantity of organisations involved, and the extent to which they met necessary criteria to add value to the study. Later in the research, another organisation expressed an interest in participating, but a decision was made to leave this organisation given that I had already arranged access at NatBank, BuSoc and WebBank, and I thought it might be best to leave the fourth bank as a ‘reserve’, just in case access was terminated at one of the other cases. The fact that the project was a solo endeavour also reinforced the view that 3 cases were sufficient for the purposes of this particular research study. After all, there is always a breadth versus depth trade off in case study research. As Patton states,

“The validity, meaningfulness and insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size” (Patton, 1990, 185).

In addition to the number of cases, a degree of ‘judgement sampling’ was employed, in that the three organisations selected were very different, even although they were all drawn from the financial service sector. This was a deliberate aim, in order to try and capture a diverse range of organisations operating in the same sector. This illustrates a key difference between quantitative and qualitative research. Whereas quantitative research aims for a random and statistically representative sample, the logic of qualitative research is to select information-rich cases for study in depth (Patton, 2002). As alluded to in the previous section, case selection is inextricably linked to access agreements, and this is a common problem among researchers of private settings (Marshall and Rossman, 1999). For Van Maanen and Kolb (1985,
11) “gaining access to most organisations is not a matter to be taken lightly but one that involves some combination of strategic planning, hard work and dumb luck”. Organisational gatekeepers were interested in issues such as why the organisation was chosen for study, what activities will occur in the company during the study, effort and disruption involved, reporting of results, and gains of the gatekeeper from the study (Bogdan and Biklen, 1992). This study appeared to benefit from the Information and Consultation Directive which was topical at the time, and this had appeared to have raised interest in the topic under study. Clearly, the research setting still has to be appropriate to satisfy the demands of the research!

A key objective was that organisations should demonstrate dissimilarity and similarity across a range of variables, following the logic of maximum variation/heterogeneity sampling (Patton, 2002). As Hartley states: “The choice of case studies is particularly crucial in multiple-case design to ensure illuminating contrasts and similarities across the contexts and processes” (Hartley, 1994, 326). The advantage of this approach is that the data then offers both detailed descriptions of the case and their uniqueness, as well as shared patterns that cut across the cases irrespective of contextual heterogeneity (Patton, 2002). These criteria included: sector, ownership, type of arrangement, union recognition, site history and size and internationalisation. The key characteristics are outlined in Table 3.6.
Table 3.6
Key characteristics of the case study organisations

<table>
<thead>
<tr>
<th>Organisation</th>
<th>NatBank</th>
<th>BuSoc</th>
<th>WebBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership</td>
<td>Formal</td>
<td>De facto</td>
<td>De facto</td>
</tr>
<tr>
<td>Union</td>
<td>Amicus (Unifi)</td>
<td>Staff union</td>
<td>No union recognised</td>
</tr>
<tr>
<td>Structure</td>
<td>Partnership framework</td>
<td>JCNC</td>
<td>People Forum</td>
</tr>
<tr>
<td>Status</td>
<td>PLC</td>
<td>Mutual</td>
<td>PLC</td>
</tr>
<tr>
<td>International operations</td>
<td>Yes</td>
<td>No</td>
<td>No, but owned by international finance group</td>
</tr>
<tr>
<td>Ownership</td>
<td>British</td>
<td>British</td>
<td>British</td>
</tr>
<tr>
<td>Site</td>
<td>Brownfield</td>
<td>Brownfield</td>
<td>Greenfield</td>
</tr>
<tr>
<td>IPA Affiliation</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Employee Relations Agreement</td>
<td>Partnership agreement</td>
<td>Recognition and Procedures Agreement</td>
<td>Commitment Document</td>
</tr>
<tr>
<td>Unit of analysis</td>
<td>North East Admin Centre (1000 employees)</td>
<td>Midlands Admin Centre (2000 employees)</td>
<td>Midlands Admin Centre (2000 employees)</td>
</tr>
</tbody>
</table>

It was believed this could allow potentially interesting insights into partnership in different contexts. This was influenced by the review of the recent partnership literature which suggested that partnership may have no single consequence but may play out differently in different contexts.

**Main similarities**
The first similarity concerned partnership. All organisations espoused a commitment to the partnership ethos of collaborative management-representative relations, and were able to demonstrate a ‘partnership infrastructure’ as evidence of this. It was essential to confirm that the firms really qualified as displaying some evidence of a prima facie ‘partnership’. The aim was not to find ‘models’ or ‘exemplars’ of partnership ‘best practice’, but rather to find companies illustrative of current partnership developments in the UK, that were at varying stages of developing and refining their IR approaches. The second similarity was ownership.
All organisations were British owned, although this is a reflection of British retail banking where international operators are still rare. Thirdly, the unit of analysis was the same, as the project focused on call centres within large administration centres, as opposed to the wider branch network. Size is also a common factor as each centre was large, employing over 1000 people. The largest departments in these centres were related to customer sales and service and, again, these departments formed the principal focus of the study. A fourth common factor was sector. It was considered important to the design to study organisations in the same sector, as sectoral differences such as product or labour markets could make comparisons very difficult (Kelly, 2004).

**Main differences**

However, there were several important differences as well. Firstly, there were differences in site history. NatBank and BuSoc both have a history of over 150 years. At each of the sites under study, the organisations had been major employers for over 30 years. WebBank, however, was established only 7 years ago as an independent subsidiary of a major international financial services group. The administration centre under study is only 5 years old. It is often assumed that HRM practices are more easily imparted in greenfield sites without baggage and history, and it was thought to be interesting to compare organisations which had very different histories (Hallier and Leopold, 1999). Secondly, union recognition was another important variable. NatBank and BuSoc have both recognised trade unions for many years. However, the BuSoc union is a former staff association, who have a history of co-operative employment relations and rivalry with industry trade unions such as the union recognised at NatBank (Gall, 1997, 2001). WebBank does not recognise trade unions. The earlier literature focused on agreements but literature acknowledging the possibility of non-union partnership agreements has begun to emerge (Badigannavar and Kelly, 2005; Dietz et.al, 2005; Upchurch et.al, 2006).

Thirdly, the different contexts allow comparisons to be made between formal partnership agreements and informal partnership agreements (Ackers et.al, 2004;
Oxenbridge and Brown, 2004a, 2004b). NatBank has a formal partnership agreement signed by senior bank executives and senior union officials. BuSoc has a traditional recognition and procedural agreement, although senior management and union officials agreed that in practice the agreement is almost irrelevant, and both parties agreed that the actual relationship is much more co-operative and collaborative. At WebBank, they have a Commitment Document although this is not signed by the partners. The earlier partnership literature focused upon cases where formal partnership agreements had been signed, but there is now an appreciation of the possibility of informal agreements. Fourthly, corporate governance provided another variable. NatBank and WebBank are both public limited companies (PLCs) registered on the London Stock Exchange. BuSoc remains a mutual building society owned by members. It is often argued that one of the weaknesses of partnership in an Anglo-Saxon context is the pressure to deliver shareholder value (Heery, 2002; Deakin et.al, 2004), and therefore BuSoc presents an interesting point of comparison to the two PLCs.

Finally, another difference is the size and internationalisation of the organisations. NatBank is a large international banking group. BuSoc has focused very much on the domestic UK market and has no international operations. WebBank is owned by an international group but it’s operations are on the domestic UK market only. This provides an interesting comparison for various reasons. They include the fact that organisations like NatBank already had experience within European Works Councils before partnership, whereas BuSoc did not. Moreover, there is the likelihood that as an international bank, NatBank may have very different strategic priorities – and in turn employment relations practices – to smaller domestic organisations like BuSoc and WebBank. These are summarised below in Table 3.7.
Table 3.7
Summary of main similarities and differences

<table>
<thead>
<tr>
<th>Similarities</th>
<th>Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Partnership infrastructure/ethos</td>
<td>- Union recognition</td>
</tr>
<tr>
<td>- Sector</td>
<td>- Nature of agreement</td>
</tr>
<tr>
<td>- Ownership</td>
<td>- Company status</td>
</tr>
<tr>
<td>- Unit of analysis</td>
<td>- History</td>
</tr>
<tr>
<td></td>
<td>- Size and internationalisation</td>
</tr>
</tbody>
</table>

**Research instruments**

The following section discusses the main research instruments employed in the research. It begins by outlining the use of interviews and then proceeds to explore other supplementary methods including documentation analysis and non-participant observation, as well as the process of data analysis.

**Interviews**

The bulk of the data was collected by conducting one-to-one semi-structured interviews, as they allow rich and detailed description to be obtained. This is in common with much social science research which regards the interview to be the most popular “digging tool” (Benny and Hughes, 1956, 137). Kvale (1983, 174) describes the qualitative research interview as “an interview, whose purpose is to gather descriptions of the life world of the interviewee with respect to interpretation of the meaning of the described phenomena”. Saunders et.al (2000, 247), suggest that “where it is necessary for you to understand the reasons for the decisions which your participants have taken, or to understand the reasons for their attitudes and opinions, it will be necessary for you to conduct an interview”. The key advantages of the interview include flexibility, and the ability to uncover how participants perceive situations and events. Generally people were quite willing to participate in an interview, and employee representatives and union officials were particularly enthusiastic. Many appeared to enjoy speaking with an outsider about their role, experiences and views.
Denzin (1970) identifies three main types of interview on the basis of the degree of structure or standardisation:

1. Scheduled standardised
2. Non-scheduled standardised
3. Non-standardised

The most structured is the scheduled standardised in which the wording and order of all questions is the same for every respondent. At the other end of the spectrum is the non-standardised interview which is more conversational, without any real attempt to expose respondents to the same stimuli (questions), or to keep the format of the interview consistent. The non-scheduled standard/semi-structured or ‘focused interview’, involves a list of information which is required from each respondent, but the phrasing or order of questioning may vary from respondent to respondent.

This study employed non-standardised and non-scheduled standardised interviews, given that the study involved interviewing very different groups of organisational actors from grassroots employees to senior managers, and that the purpose of the study was to capture the views and perspectives of different organisational actors at different levels within the organisation. As Denzin (1970, 125) notes, in such circumstances it is useful to rephrase the questions in words familiar to those being interviewed:

“The non-standardised schedule indicates an awareness that individuals have unique ways of defining their world. To meaningfully understand that world, researchers must approach it from the subject’s perspective”.

The interview also has the advantage of allowing the interviewee to raise important issues not contained within the interview schedule. Accordingly, more structured interviews were not adopted specifically because the aim was to obtain rich contextual data and to allow new patterns and themes to emerge. Equally, an open-ended ethnographic approach was not adopted as the aim was to obtain multiple perspectives and multiple levels, and therefore semi-structured interviews were deemed most appropriate, as they allowed sufficient commonality to allow a comparison of similar issues to be made internally between different organisational actors, and externally across cases. A danger with research into experiences of partnership is that the researcher may expect to find three basic attitudes (positive,
negative, agnostic), and such attitudes may be clouded by recent events. For example, research may find positive attitudes to partnership after a recent pay rise, or negative attitudes to partnership where job losses have recently been announced. In other words, respondents supposed attitudes to partnership may just reflect the extent to which there is a ‘feel good factor’ within the organisation at the time.

Inspired by ‘critical incident technique’ (CIT) (Flanagan, 1954) a particular aim of interviews was to “capture the thought processes, the frame of reference and the feelings about an incident...which have meanings for the respondent” (Chell, 1999, 56), in an attempt to mitigate the risks of obtaining data which reflects vague underlying feelings regarding recent organisational events, as opposed to attitudes to partnership per se. CIT interviews, on the other hand, involve the discussion of significant occurrences (events, incidents, processes) identified by the respondent, the way they were managed and the perceived outcomes and effects. Another advantage is that interviewees find such interviews enjoyable as it affords the opportunity to take ‘time out’ to reflect on recent events (Chell, 1999). In practice, this method required interviewees to identify some of the main issues which have been prominent in the last five years (or since they joined the organisation if less than five years). Typically, these would reflect a range of both positive and negative sentiments regarding the way issues were handled. For example, a respondent sometimes provided an account of some incidents which they thought were handled badly, and other examples where they believed the event had been managed more successfully. This method allowed a multi-dimensional picture of events to be obtained regarding organisational incidents, such as the management of offshoring at NatBank, or the impact of the closure of WebBank’s French operations on employment relations in the UK.

Admittedly, the techniques has some weaknesses: respondent accounts are retrospective, partial and may contain bias, and there is also the potential criticism that CIT only allows researchers to access issues upon the agenda of the actors involved. As Lukes (1974) has argued however, there are various dimensions of power, and in particular power cannot just be viewed in terms of decision making
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culminating in concrete observable outcomes. Though outcomes may be relatively easy to measure in terms of the extent to which outcomes are perceived to favour one actor over another, Lukes argues that power may be exercised more subtly in terms of agenda setting. In other words, management could exert power by keeping certain issues off the agenda completely. Of course the ‘latent power argument’ could be applied across the board to many studies of employee participation, however it is clearly important and therefore warrants a detailed explanation. In order to mitigate such concerns, the thesis explores the nature of the decision making processes and ‘critical incidents’ in great detail, and adopts a systematic approach in order to explore incidents and compare across the cases.

Accordingly, the study dissects decision making processes in each case by mapping against the dimensions put forward in earlier research on employee involvement (EI) by Marchington et.al (1992). They propose four dimensions regarding the degree, scope, form and level of decision making, and it is believed these dimensions remain relevant today. Degree refers to the amount of influence over decision making. Form refers to the distinction between direct and indirect participation. Level refers to whether issues under discussion are high level or low level. Scope of decision making concerns the range of issues under discussion, and as such is clearly linked to concerns regarding issues of agenda setting. The thesis also adds three additional dimensions derived from the partnership literature: issue level, representative level and timeliness. Issue level refers to whether the issues are high level, such as company-wide pay negotiations, or low level, such as local working conditions or policies concerning a specific department. Representative level relates to the extent to which representation occurs at a high level, such as full-time officials, or at a local level, through lay employee representatives. Finally, timeliness concerns the point at which decisions are discussed ranging from the early proposal stage through to the implementation stage where decisions may be presented as a fait accompli.

In terms of issues of scope and agenda setting, however, it is particularly important to note that the same broad range of issues were addressed across the three
comparative cases. These were examined under the three broad headings: pay and conditions; discipline and grievance; and organisational change. These subject categories emerged from WERS data regarding the scope of decision making in the UK, and the type of issues typically discussed at meetings between employee representatives and management (Kersely et.al, 2006, 165). Respondents were also explicitly asked if there were any issues which were not on the agenda, or which had not been on the agenda, and this typically elicited very candid responses. For example, management and representatives were clear at WebBank that the negotiation of terms and conditions was off the agenda, in contrast to the arrangements at BuSoc and NatBank. Though representatives at WebBank had been involved in reward discussions regarding the structure of the pay package, they were not currently involved in negotiating pay through collective bargaining as in the other cases, although this was not viewed as a problem by employee representatives. At BuSoc, day-to-day departmental issues around performance targets were identified as generally being off the formal union agenda, whereas at NatBank and WebBank such day-to-day work issues constituted a significant proportion of the agenda. At BuSoc union officials did not perceive non-involvement in departmental decisions to be a particular worry, as they believed this was addressed through direct communications channels. However, there was evidence to suggest that union representatives did express concerns in terms of being responsive to member needs, suggesting that direct channels were viewed by employees as being of limited effectiveness. On the other hand, an area of involvement which was common across all three cases was significant involvement in discipline and grievance processes confirming WERS data which suggesting such issues now constitute a large proportion of the workload of representative bodies (Kersley, et.al, 2006). Respondents also discussed past incidents which were said to have been off the agenda and had emerged without consultation, for example the first phase of offshoring at NatBank, or the end of the final salary pension scheme at BuSoc.

The research was also informed by an awareness of the critical literatures on partnership as well as labour process critiques of call centre working (for example
Kelly, 2004; Taylor and Bain, 1999) and these are discussed in detail in the following chapter. The empirical data confirms that many of the topical issues raised in these literatures have indeed been captured through CIT, including controversies regarding redundancies, offshoring, performance/sales targets, as well as general pay and working conditions. Moreover, attempts were made to capture views on these issues across cases, even where they may have not been raised as a specific ‘critical incident’. This was possible because of the heterogeneity of the case organisations selected. The thesis also triangulates responses regarding the scope of decision making and agenda setting with other sources, for example by comparing accounts between different actors groups (management, union officials, employee representatives, employees), as well as with other data sources obtained such as internal and external documentation. Finally, notwithstanding the potential criticisms of CIT, it is crucial to reiterate the main strength of CIT technique, in terms of eschewing glib, bland (and quite possibly meaningless) rhetorical responses from interviewees regarding whether partnership was ‘good’ or not, in favour of context-rich responses, drawing upon detailed organisational examples to illustrate the ‘lived realities’ of the partnership process. In addition, attitudes to recent ‘organisational dramas’ cannot be obtained from survey questions, and the CIT technique allows respondents opinions to be placed in context, i.e. how they view the world. The interviews also allowed insights into organisational history, and views of the organisation from long-serving employees compared to new recruits, and from the perspectives of older workers as well as young employees. The approach also enables comparisons to be made between the handling of a particular issue in one organisation compared with another, thus extending theoretical understanding (Chell, 1999).

Accordingly, an interview schedule was designed outlining the topics to be covered but this was not followed rigidly even although all questions were covered during the course of most interviews. Additional questions were also included where this was thought to be of value. The interview covered a range of themes including (further details are available in the Appendix B):
Chapter 3

- the rationale for partnership
- understanding/meaning of partnership
- partnership infrastructure
- recent issues and decision-making processes under partnership
- trilateral management-representative-employee relationships
- climate of employee relations/change over time
- outcomes of partnership of different actors
- challenges, barriers and tensions

All interviewees received an introductory letter outlining the aims of the project prior to the actual interviews (see Appendix A). The objectives and format of the interviews were outlined at the start, as well as the opportunity to terminate the meeting at any time at the respondents request. All were tape-recorded with the interviewees consent. Though there are concerns that people may be less candid if they are being recorded, the approach offered several advantages. Firstly, it meant the researcher could focus carefully on what people said during the interview process. It also meant the interviews could be reviewed several times following the actual event, and attention could be paid to nuances such as humour or sarcasm. They were then transcribed verbatim personally by the researcher. The major disadvantage of transcription is that it is very time consuming, though the negative effects of this were mitigated somewhat by combining periods of transcription with periods of analysis, and therefore not leaving piles of text to be analysed at the end (Bryman and Bell, 2003). All respondents were also assured of anonymity. Interviews averaged 1 hour in length, with employee interviews normally taking around 45 minutes, while interviews with senior management figures typically lasted around 90 minutes. Interviews with key stakeholders (e.g. organisational gatekeepers, senior officials) were often followed by a lunch, therefore providing the opportunity to check understanding, or ask additional questions outwith the formal context of the interview room. Again, many of these informal conversations proved to be highly valuable. Following the recommendations of King (1998) interviews began with open, ‘easy’ questions such as a brief biography of their career, and their time with the organisation. More ‘difficult’ questions were introduced later in the interview when the interviewee was more relaxed. Designing the schedules was iterative and amendments were made following initial interviews
when it became evident that some questions were inappropriate or required rephrasing. For example, it became clear with the employee interviews that more time had to be spent ‘warming-up’ the interviews, where management were keen to ‘dive-in’ to the topic of discussion. Nevertheless, it was useful to preface the core interview with such discussion as it allowed me to familiarise myself with their background and job role, and such context was valuable when interpreting the more specific questions which arose later in the interview. In addition, while management and union respondents were happy to talk in terms of ‘partnership’, such language was not necessarily familiar to all grassroots employees, although they were comfortable discussing more generally ‘the relationship between the bank and the trade union’.

Multiple and leading questions were consciously avoided. Rather, clarification was sought in a less leading way e.g. can you explain a little more? For example, a question such as “You think the trade union is influential, do you” may provide a clue as to the expectations and/or views of the researcher. Responses were occasionally repeated back to respondents in order to clarify and check understanding. Other probing techniques included simply repeating the initial question, the use of silence or explanatory probes (such as asking what did you mean by…” (Easterby-Smith et.al, 1991). A deliberate attempt was made by the researcher to appear impartial throughout. An indication of the success perhaps, is that the majority of respondents remarked that they had actually enjoyed the interview experience, and many offered contact details should I require further clarification on any of the points raised.

Some interviews were conducted by telephone. Telephone interviews have advantages in terms of time and cost, as well as disadvantages in terms of the possibility of interviewee reluctance to participate, lack of non-verbal cues, difficulty controlling the pace, and reduced ability to ask complex questions (Saunders et.al, 2000). For these reasons, telephone interviews were only conducted with interviewees whom I had already met on a face-to-face basis. Their purpose was to clarify and supplement previous discussions, where a degree of trust and
integrity had already been established. Telephone interviews were also recorded – with the permission of the respondent – and transcribed in full.

**Table 3.8**
Summary of interviewees

<table>
<thead>
<tr>
<th>Company</th>
<th>Management</th>
<th>(Union)Representatives/Officials</th>
<th>Employee Focus Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatBank</td>
<td>1 Director of Sales and Service</td>
<td>3 Union Full Time Officials</td>
<td>4 focus groups from a range of functions</td>
</tr>
<tr>
<td></td>
<td>1 Employee Relations Manager</td>
<td>3 Union representatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Admin Centre Site Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Call Centre Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Team Leader Group interviews</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BuSoc</td>
<td>1 Head of Personnel</td>
<td>1 Union General Secretary</td>
<td>3 focus groups from a range of functions</td>
</tr>
<tr>
<td></td>
<td>1 Personnel Consultant</td>
<td>1 Union President</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Employee Relations Manager</td>
<td>1 Individual Case Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Call Centre Manager</td>
<td>1 Area Executive Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Senior Lending Manager</td>
<td>3 Constituency Representatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Lending Team Leaders</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Call Centre Team Leaders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WebBank</td>
<td>1 HR Director</td>
<td>1 Employee Forum Chair</td>
<td>6 employee focus groups from a range of functions</td>
</tr>
<tr>
<td></td>
<td>1 Team Leader</td>
<td>2 Full-time employee representatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3 Part-time forum representatives</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Interviews of ‘ordinary’ employees were conducted on a group basis. According to Walker (1985, 5) “The task of the group interviewer...is not to conduct interviews simultaneously, but to facilitate a comprehensive exchange of views in which all participants are able to speak their minds and respond to the ideas of others”. In particular, it has been suggested that group interviews have advantages when the emphasis is on experience, beliefs and attitudes, as well as on group interaction (Morgan, 1997). It has also been argued that group interviews are especially useful in the call centre environment where employees routinely experience a high degree of monitoring and may view an interview as another monitoring exercise, and as such group interviews may be less intimidating, and generate a more open and richer dialogue (Richardson et.al, 2000). These discussions were loosely moderated.
by the researcher, but were deliberately flexible, in order to identify what employees themselves viewed as interesting. Participants were selected randomly from similar departments, and of a similar level in the organisational hierarchy, although the interviewees were typically unknown to each other. In all case organisations employee interviews were conducted in a neutral venue, normally a private meeting room. Again, the researcher outlined the purpose of the research, anonymity and recording issues, and encouraged respondents to relax and initiate the discussion (Easterby-Smith et.al, 1991).

Admittedly, a challenge of the group interview is the need to ensure that the discussion is not dominated by loquacious individuals, and that all participants had the chance to express their view, for example, by encouraging other quiet people to contribute (e.g. What do you think about this John?) or more generally (e.g. What do other people think about Jill’s view?), (Torrington, 1991). Another challenge is ensuring the topic of conversation does not lose focus. A practical challenge of such a technique, is the tiring nature of the process, especially where interviews had been arranged back-to-back (Saunders et.al, 2000). However, this situation seldom occurred, as a break was normally scheduled which allowed time to reflect upon the previous meeting, and to note down any emerging themes. Another limitation is the potential for social pressures to limit the responses gained, and the possibility that some participants may be reluctant to express their views publicly (Easterby-Smith et.al, 1991, 106). However, it was found that in many interviews some participants stayed behind after the main interview to discuss issues privately, or even spoke to me informally in the canteen to add something they did not want to say in the group situation. Therefore, despite these challenges, the advantages outweighed the disadvantages. Due to the group nature of the discussion it allowed a variety of viewpoints to emerge, and for the group to counter and respond to the different views expressed. It also enabled a greater number of employee views to be obtained within the time the organisation afforded to the researcher, as they were understandably keen to minimise the disruption caused. The researcher also has work experience in a call environment and was therefore able to empathise with some of the issues raised by respondents and provided an understanding of call
centre jargon. This proved useful in terms of increasing the interviewers credibility in the interviewee’s eyes, as well as providing a richer understanding of the context of the case study (Stake, 1995).

Common criticisms of interviews include issues of reliability and bias. Reliability concerns the lack of standardisation and the extent to which another interviewer would have obtained the same information (Easterby-Smith et al., 1991). This is strongly related to issues of potential bias, and the need for the interviewer to avoid projecting their own opinion, yet this is often quite difficult as demonstrating empathy with another person is a human way of building trust. Although it is difficult to completely eliminate such issues from the interview process, an awareness of them helps to ensure that the risks are mitigated as much as possible.

### Table 3.9
Primary research instruments

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploratory gatekeeper interview</td>
<td>Sought background information about employment relations generally (see Appendix B)</td>
</tr>
<tr>
<td>Document review</td>
<td>Policies, rules, company documentation, presentations etc to give added depth to the data</td>
</tr>
<tr>
<td>Rudimentary observation</td>
<td>Observation during site visits of work environment, work process, interaction, site tours etc</td>
</tr>
<tr>
<td>Formal observation</td>
<td>Union meetings, BuSoc</td>
</tr>
<tr>
<td>Management interviews</td>
<td>(see Appendix B)</td>
</tr>
<tr>
<td>Union official interviews</td>
<td>(see Appendix B)</td>
</tr>
<tr>
<td>Employee Focus Groups</td>
<td>(see Appendix B)</td>
</tr>
<tr>
<td>Representative interviews</td>
<td>(see Appendix B)</td>
</tr>
<tr>
<td>Observation of practitioner events</td>
<td>IPA Partnership Seminar 24.11.04</td>
</tr>
<tr>
<td></td>
<td>IPA Regional Partnership Workshop 14.04.05</td>
</tr>
<tr>
<td></td>
<td>Unions 21 Partnership Seminar</td>
</tr>
<tr>
<td></td>
<td>CIPD Annual Conference 2004</td>
</tr>
</tbody>
</table>

**Documentary evidence**

Documentary evidence is important both in its own right as well as for the purpose of triangulation (MacDonald and Tipton, 1993), and formed an important component of the data collection process throughout the study. Even before initial
exploratory meetings with organisational gatekeepers, information was obtained on the company from business information databases (e.g. Datamonitor), media reports in the national and trade press (e.g. Financial Times/The Guardian), as well as information available freely on corporate websites (e.g. Annual Reports). This was to ensure I could be reasonably familiar with recent issues in advance of the meetings with these busy people, and exploit fully the short interview times allotted with them. Moreover, appearing knowledgeable and credible was important, given that I hoped to secure further access in the future.

Again, during the main case study phases, the information included a variety of documents including annual reports, media reports, company magazines, corporate homepages, business information sources. Often internal publications were obtained while waiting in the lobby for appointments. Other internal documents were made available by interview respondents. These included PowerPoint presentations, memos, reports etc. At WebBank for example, employee representatives were happy to provide electronic copies of a variety of internal documents. At BuSoc, the union provided me with a membership log-in, allowing me to access a wealth of information on the union intranet. This included an archive containing minutes of meetings, newsletters, magazines as well as formal documentation such as the Personnel Handbook and union conference motions. As a large union, the union at NatBank had a vast amount of information freely available on the internet. Clearly, this provided useful additional evidence for the purposes of triangulation, and offered a wealth of both factual and attitudinal material. Management also provided various sources of useful information, including the results of employee attitude surveys and reports on their plans in relation to the Information and Consultation Directive, which helped to augment and contextualise the information gathered through the interviews with senior managers, line managers, employees and union/employee representatives. Overall, management were very co-operative regarding sharing documentation. Hard copies were all stored for the duration of the project in administration box files for each organisation.
Other supplementary methods

Additional information was gleaned from other methods. At all case study sites a formal site tour was arranged, affording the opportunity to achieve a basic understanding of the work environment and the nature of the work undertaken. There was limited opportunity for some observation to be undertaken by sitting in on a Employee Representative Meeting at WebBank, and a union Area Council Meeting at BuSoc. This was very useful to supplement the formal interviews, in terms of enhancing the context which is central to holistic understanding, and also affords insights which respondents may not articulate in an interview because the routines are so taken for granted respondents are unaware of their importance (Patton, 2002). For example, by attending the Area Council Meeting at BuSoc it quickly became clear that the discussions focused upon low level issues, whereas it is possible that representatives may not have expressed this in interviews, either because they do not perceive it in this way, or because they have a vested interested in presenting themselves as being actively involved. Ideally, this method may have been used more widely, although unfortunately this approach is very difficult to arrange. Nevertheless, this was supplemented by informal observations while carrying out the formal fieldwork interviews. Indeed, even while having lunch in the canteen interviewees would join me to find out more about the purpose of the research, or to share reflections they had not thought off during the interview, or to express an opinion ‘off the record’.

Data analysis

Detailed and systematic data analysis was undertaken. As Eisenhardt states, “Analysing data is the heart of building theory from case studies, but it is the most difficult and least codified part of the process” (Eisenhardt, 1989, 532). Fieldwork notes were written up immediately after the interview. These were later fully transcribed and read and re-read (Yin, 2003). In reality analysis begins during the actual site visits. Fieldwork notes were made during visits and written up after discussions. All interviews were fully transcribed personally by the researcher. The transcripts were manually coded thematically in accordance with the research questions and interview guide. For example, a section on ‘relationships’ would be
highlighted as ‘R’, or sentence on ‘barriers’ coded ‘B’ and so forth. This provided a framework for the initial formal review of the data collected. It was also thought to be essential to facilitate detailed analysis later. More detailed analysis resulted in the creation of more categories. For example, the ‘relationships’ category was divided into four, and the ‘issues’ category was divided to reflect the particular issues frequently being raised by respondents in the particular context e.g. ‘pay’ or ‘offshoring’. The transcripts were read several times to achieve a high level of familiarity and the interviews were also listened to several times to enhance and check understanding not always achievable from the text alone, for example in relation to use of humour or sarcasm. However to minimise later mis-interpretation, during transcription such statements were marked with a markup language tag, such as (!) to indicated sarcasm and *laughs* to indicate humour. Capitalisation was also used to indicate emphasis, for example, “I just thought to myself that CANNOT happen”.

It has been suggested that case analysis should always precede cross-case analysis (Miles and Huberman, 1994; Patton, 1990), and this was the approach taken in this study. The concern was that by starting with cross-case analysis there is a danger that a contextual sense of the case as a ‘whole’ risks being lost. Within each case, transcripts were divided into five categories: senior manager; line manager; union officials; employee representatives; and employees. Each was examined with the key themes in mind. In other words, the analysis began with the individual, and was then raised vertically to the group level, and then compared horizontally to provide an insight into the organisation level. Each empirical case was then written up in a similar format, following the guiding themes, in order to facilitate subsequent cross-case analysis. For the within-case analysis, each case is first treated as a comprehensive case in and of itself. Then “Data are gathered so the researcher can learn as much about the contextual variables as possible that might have a bearing on the case...Once the analysis of each case is completed, cross-case analysis begins. A qualitative, inductive, multi-case study seeks to build abstractions across cases” (Merriam, 1998 pp. 194-195).
Comparisons were then made between the three case organisations across the themes, as well as across categories of respondents. The results of this process form the content of Chapters 5, 6 and 7. Given the quantity of interviews, and the fact the research was a solo endeavour, it was decided not to engage in full coding of the data, as it was believed this could mean the researcher could potentially ‘lose sight’ of the big picture. It was also decided on this occasion not to use qualitative data analysis software. Clearly such software may have advantages such as the automation of some clerical tasks, and auditability; as well as potential disadvantages such as potentially losing sight of the ‘whole’, time needed to learn the software, as well as the software itself becoming a distraction activity. (St John and Johnson, 2000). Ultimately it was decided that a combination of pen and paper, and word processor based analysis would suffice given the quantity of data which was to be analysed. Indeed preliminary analysis began during the transcribing process. Accordingly, ‘analysis’ did not form a discrete phase of the research, with analysis and collection occurring concurrently (Eisenhardt, 1989). Rather, analysis continued throughout the ‘writing-up’ phase, echoing Hartley’s sentiment that, “There are likely to be surprises and sense-making throughout the case study, right up to the last page of writing” (Hartley, 1994, 332). An ‘audit trail’ was also maintained by archiving email exchanges with research supervisors, as well as progress reports and minutes of meetings. This proved extremely useful when trying to check how and when ideas had emerged or changed.

Moreover, although there was no formal investigator triangulation (Denzin, 1970), discussions of my empirical data with my research supervisors, colleagues in the department, and delegates at conferences allowed me to refine my interpretation of the data over time. Indeed, interaction with other researchers allowed me to question my own interpretation, as well as the opportunity to gain valuable practical tips and useful references. The key advantage of the analysis process outlined is that it allowed the researcher to become deeply immersed in the interview data.
Problems encountered with the case studies

The main obstacles concerned the slow process of securing access to organisations. This was typically a very long process, requiring a series of meetings and conversations with various actors, followed by a period waiting for authorisation by senior management. However, persistence ensured that access was finally agreed to three interesting and suitable case organisations. Once access was officially secured, there were still problems in securing access to relevant interviewees. For example, despite senior management endorsement of the study, some line managers were unwilling to release employees for focus group discussions. This was a particular issue at BuSoc where the call centre manager refused to co-operate, citing a lack of time to release employees, despite endorsement of the research by the Director of Corporate Personnel. I proposed that there was no immediate need for the employee interviews, and that it could be arranged at a quieter time in the next month or two. However, the manager suggested that there would never be a convenient time, despite assistance from the Employee Relations Manager to try and persuade him otherwise. Thus, an alternative strategy had to be pursued, by extending my research to another similar department where it would be possible to interview employees. Though this was not ideal, it was deemed the best alternative strategy given the circumstances. I was keen to interview in the call centre environment for comparability reasons, and this was the environment I had focused on at WebBank and NatBank. Liaising with my contact led to access being secure in the Lending Department at BuSoc. Though not a call centre as such, it was the most similar working environment available, and a pragmatic decision was made to focus on this department instead. After all, as Buchanan et.al (1998) argue, researchers sometimes have to adopt an opportunistic approach towards fieldwork in organisations, balancing what is desirable against what is possible, especially vis-à-vis doctoral research.

Finally some ethical issues should be raised. All organisations were not named to each other, and a decision was taken to anonymise the company names in the research. All interviewees were asked permission to record the interviews, and no
one declined this request. All respondents were advised that all responses were anonymous and no single person would be identified in the reporting of the data.

**Conclusion**

The previous chapter argued that the partnership literature had become polarised, and that there was a need for a more sophisticated understanding of partnership, which explores the context, meaning and process of partnership in addition to the crude use of labour outcomes which may reveal little about the quality of employment relations. Accordingly, the case study approach was deemed useful in order to establish a deeper understanding of partnership working in order to transcend the advocates/critics deadlock. Given the concern with understanding how partnership plays out in different contexts, the nature of relationships, the way issues are handled, as well as actors experiences and outcomes a qualitative approach was thought to be essential. In addition, exploring contextual variables was also important, in order to counter simplistic accounts of partnership which suggest it is either ‘all good’, and fatalistic accounts which paint partnership as inevitably ‘bad. A key issue was therefore to explore partnership in different organisational contexts, and as such a case study approach was deemed most appropriate.

It is argued that the use of quantitative indicators to ‘measure’ partnership are inherently problematic, and explain little about ‘why’ outcomes may be the case. Rather, the research was influenced more by notions of critical realism and institutional theory, in that issues such as context, human agency, the role of social structures, and issues of causality were argued to be of importance (Ackers, 2002). This accords with case study research which is useful when exploring ‘how’ and ‘why’ questions, and when the emphasis is on understanding processes as they occur in context. This is useful when exploring a concept such as partnership which is clouded by conceptual confusion. Indeed, survey questions may reveal the
extensiveness of espoused practices but reveal little about how embedded the practices are, or how they are interpreted and operationalised in practice.

In practice the research employed a range of research instruments, though the bulk of the data was collected through interviews. These were inspired by the notion of critical incident technique which allowed focused discussions on recent organisational incidents and events. This allowed excellent data to be obtained regarding actor interpretations of the process of partnership. Interview data was supplemented with documentary evidence as well as formal and informal observation. It is argued that this approach allowed a rich ‘feel’ for the meaning, context and process of partnership to be obtained, in addition to the outcomes which are the focus of most other studies. Of course all research has limitations. It may have been useful to conduct more observational research, however, this was difficult to arrange because of confidentiality issues. It may also have been useful to conduct an employee questionnaire in order to provide an insight into broad attitudes to partnership. However, this was deemed to be beyond the scope of this particular project, as the primary aim was to address the gap in the literature regarding the detailed process and meaning of partnership in different contexts, whereas the outcomes have been explored at length already in existing studies.

Overall, I am confident that the approach adopted compares favourably with other studies of partnership. The results and findings obtained by employing the aforementioned methods are outlined in Chapters 5, 6 and 7. Before presenting the findings, however, Chapter 5 provides some additional context by presenting an overview of some of the key issues in relation to service work, developments in British financial services, and call centre working, as an understanding of the sectoral context of the organisations is crucial if an informed and holistic understanding of employment relations is to be achieved.
Employment relations in financial services
Chapter 4: Employment relations in financial services

Introduction

There has been a significant rise in British private service sector employment, yet much partnership research, and indeed much industrial relations research, remains focused upon traditional manufacturing and public sector contexts. This is surprising given that the UK economy is now dominated by industries such as retailing and financial services. This chapter begins by providing some background to the rise in service sector employment in the UK, and considers the implications of this by providing an overview of the academic debates regarding service work. Here too it is argued that an appreciation of context is crucial, in order to fully understand organisational developments. Accordingly, a ‘firm-in-sector’ approach is advocated (Smith et.al, 1991). The following section therefore reviews recent developments in the British financial service sector which, it is argued, offers an excellent sector to explore partnership. For example, distribution channels have changed, with branch networks declining in favour of large administration and call centres. Arguably the scale of such sites partly explains why there is a much greater emphasis on representative participation compared to most other private sector organisations. Call centres in particular, with their distinctive labour process, emphasis on efficiency, and diverse workforce, provide an interesting context for employee representation. More generally, the sector constitutes a very successful yet competitive component of the British economy, employing 6% workers, and is therefore a good indicator of the future of work in the UK. Indeed, London is arguably the financial services capital of the world (The Guardian, 10.02.07). The chapter begins by outlining general developments in the sector, before examining the industrial relations and human resource management issues. Given that this particular study focuses primarily on the experiences of customer facing staff and in particular call agents within banks, the final section provides a brief overview of
Towards a service economy?

In the post war era, economists, management theorists and sociologists began to predict a shift away from industrial economies. GK Galbraith, Daniel Bell and Peter Drucker predicted a ‘post-industrial society’ in which the majority of people will work in the service/information economy rather than traditional manufacturing. This was variously referred to as a shift towards a ‘post-industrial society’, ‘information society’, ‘new economy’ and ‘knowledge economy’ (Bell, 1973, Drucker, 1969; Toffler, 1971; Touraine, 1969). For Bell (1973), it reflected stages of economic development from a pre-industrial (agricultural) economy, to an industrial (manufacturing) economy, and in turn to a post-industrial (service) economy.

Certainly, there has been a significant trend in advanced economies from agriculture and manufacturing to services. Service jobs now account for the great majority of employment in the UK. In June 2005 there were 30.6 million workforce jobs in the UK, of which 24.3 million of the workforce were in the service sector. Service industries contribute over 70% GDP, account for 8 out of 10 jobs and employment has increased by 2 million since 1997 alone (Bach, 2005). A similar trend is evident in many other OECD countries with service sector employment exceeding 70% in Australia, USA, Sweden, Norway, Netherlands, Luxembourg and Belgium (OECD, 2000).
Figures from WERS04 confirm the importance of service sector employment. Indeed, 70% of workplaces covered were operating in private sector services; an increase of 4% since 1998 (Figure 4.1), with only 12% workplaces operating in private sector manufacturing, and 18% in the public sector.
As figure 4.2 reveals, the rise of service sector employment and the decline of manufacturing has been occurring for a long time, and service sector employment has exceeded manufacturing employment for at least thirty years. Between 1978 and 2005 employment in UK manufacturing has more than halved, while on the other hand, employment in services has increased by almost 50%. This is perhaps more clearly expressed in terms of manufacturing-service employment ratio: in 1978 for every employee in manufacturing there were 2.31 in services; by 2005 there were 7.3.

Service work and the employment relationship

However, it is not only the structural changes in the economy and the associated numerical importance which make service sector employment an important area of academic investigation. Of particular interest is the fact that many service jobs involve contact with the customer thus adding a third party to the traditional management-worker dyadic (Korczynski, 2002). For example, jobs which require a high degree of personal contact with customers often mean that employees are expected to manage their emotions in a way which is believed to reflect good service, and has been described as ‘emotional labour’ (Hochschild, 1979). As a result of the triangular relationship, and the fact that the employee may effectively become part of the service, management faces new challenges in trying to exert control over employee behaviour at work (Deery, 2005).

It is commonly argued that customer service work is distinctive from manufacturing on five counts: intangibility, perishability, variability, simultaneous production and consumption, and inseperability (Herzenberg et.al, 1998; Korczynski, 2002). (Table 4.1).

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Remarks</th>
</tr>
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<tbody>
<tr>
<td>Intangibility</td>
<td>Cannot be touched e.g. restaurant service</td>
</tr>
<tr>
<td>Perishability</td>
<td>Cannot be stored/stockpiled</td>
</tr>
<tr>
<td>Variability</td>
<td>Variable customer interactions and perceptions</td>
</tr>
<tr>
<td>Simultaneous production and consumption</td>
<td>Worker produces and customer consumes</td>
</tr>
<tr>
<td>Inseperability</td>
<td>Customer takes part in service process</td>
</tr>
</tbody>
</table>
Admittedly, not all service work would meet all of the above criteria. However, it is suggested that customer service work in particular is likely to feature most of the above attributes, especially in relation to the potential for variability in the service encounter, as unlike manufactured products, services cannot be inspected before they are consumed (Appelbaum and Batt, 1994). The literature on service work is polarised between the prescriptive ‘new service management’ literature on the one hand, and critical research which paints a much more pessimistic picture (Korczynski, 2002).

1. New service management

In the 1970s Levitt (1972) argued for a ‘production-line’ line approach to services, suggesting that service industries could learn from manufacturing principles, such as the simplification of tasks, division of labour, tighter control and reduced discretion. By contrast, ‘new service management’ literature proposes an optimistic scenario. Schlesinger and Heskitt (1991) propose a cycle of good service, where satisfied customers will tolerate higher margins, pay employees more, increase employee morale and satisfaction, and in turn customer satisfaction. This has been described as the customer satisfaction-worker satisfaction mirror (Schneider and Bowen 1993; Heskett et.al, 1997). This is contrasted with ‘old world’ production-line approaches, which are said to be inappropriate in services, on the grounds that narrow jobs lead to worker dissatisfaction, poor service quality and in turn low customer satisfaction (Figure 4.3).
However, there are several limitations of the NSM literature. Firstly, the concept is unitarist and underplays potential conflicts of interests, as the literature suggests a harmonious coalescence of interests around the customer. The ‘empirical’ evidence of a worker satisfaction-customer satisfaction mirror is limited, and the take-up of these approaches is also limited.

2. **Critical school**

Conversely, critical research into service work suggests that the reality is likely to be low wages, poor training, high turnover, limit career paths and limited discretion. A good contrast with the NSM literature is argued by Ritzer and his McDonalidisation thesis. He proposes that there are four main components of McDonaldisation: efficiency, calculability, predictability and control. He critiques the production-line approach endorsed by Levitt (1972), arguing that it leads to workers becoming ‘human robots’ (Ritzer, 1998, 64). In stark contrast to the picture painted by the NSM writers, he argues that the reality is likely to be high control and deskilling. In short, labour is a cost to be minimised. Moreover, he
Employment relations in financial services

suggests employee resistance to such jobs may be limited as they may have little to compare it to. The competing perspectives are outlined in Table 4.2.

Table 4.2
Typologies of service sector employment relations

<table>
<thead>
<tr>
<th>New service management school</th>
<th>Critical school</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRM</td>
<td>McDonaldisation</td>
</tr>
<tr>
<td>Empowerment</td>
<td>Alienating</td>
</tr>
<tr>
<td>Win:win:win</td>
<td>Cost-minimisation</td>
</tr>
</tbody>
</table>

Korczynski (2002) has challenged these views, and highlights the contradictory logics which often drive service work, namely management quests for rationalisation and customer orientation simultaneously. This seems to suggest that a variety of different outcomes are possible. In an effort to go beyond this ‘either/or’ debate, Herzenberg et.al (1998) propose than in reality there are four different ways of organising service work. At one end of the spectrum is tightly constrained work, where the focus is on economies of scale, tight supervision and limited training or career progression opportunities. Typical examples include call centre work or fast food restaurants. At the other end of the spectrum is high skill autonomous work, characterised by high education, high levels of training and low supervision, and examples include lawyers and academics. In between are unrationalled labour intensive jobs and semi-autonomous jobs. Examples of the former include cleaners, and clerical workers would be a good example of the latter. In sum, the rise of service work is an important phenomenon yet curiously service work attracts a disproportionately low amount of academic attention in IR. Where attention has been given, debates have divided into two extreme camps: the optimistic new service management school and the critical school, however, as Korczynski (2002) suggests the reality is much more complex than this implies. For this very reason, research into service work is even more necessary. Before considering in detail the nature of the work central to this study, call centre working, the following section explains why a study of partnership in the financial service sector is particularly useful.
**Firm-in-sector theory**

The research approach is to take a ‘firm-in-sector’ perspective (Smith et.al, 1990), in order to place organisational developments within the wider context in which they operate. This approach draws upon aspects of both neo-institutional and contingency theory to demonstrate how, at the organisation level, management choice is constrained by a combination of internal capabilities and procedures, as well as the external environment. Smith et.al (1990) suggest a complex interaction between the strategic development of firms, and particular sectoral dynamics and external networks. Di Maggio and Powell (1983) argue that convergence between organisations need not necessarily be the result of a process of competitive elimination, but convergence may be due to attempts to confirm legitimacy rather than improve efficiency. They argue that ‘institutional isomorphism’, where organisations seek to achieve rationality in a context of uncertainty, may occur in three ways. Firstly, ‘coercive isomorphism’. This concerns pressures from organisations and institutions as well as wider cultural expectations. Secondly, ‘mimetic processes’, where uncertainty encourages imitation, and as such models may be transferred due to employee migration, or the influence of consulting firms. Thirdly, ‘normative pressures’. This concerns the pressures brought about by professions. This could be the result of similar levels of educational attainment resulting in similar approaches being taken, and this could be reinforced by the experienced norms of the sector. It could also relate to inter-organisational networks as the result of employees migrating between organisations, or sharing experiences and benchmarking ‘best practice’ with other organisations. In the finance sector such forces can be identified. The sector is heavily regulated by government legislation, the independent Financial Service Authority (FSA), the European Union, voluntary Banking Codes and the British Bankers Association. Managerial networks and benchmarking exercises are also common. Traditionally, the finance sector has also been characterised by a strong professional identity, underpinned by a focus on internal labour markets and promotion, and the concept of creating ‘well-rounded bankers’. 
The international importance of the City of London is also a good example of institutional dynamics in action, demonstrating an example of an ‘economic cluster’ where businesses are seen to gain by being in close proximity to one another. Although, technology may mean that banks can ostensibly be located anywhere, and there are significant cost savings in locating out of London, almost all banks have offices here. Indeed, when Virgin began Virgin Direct, the intention was to save costs by locating in Norwich, although ultimately they also opened a head office in London despite initial plans not to. The advantages in terms of professional networking and access to professional services was deemed to exceed the disadvantages of not having a presence in the capital. In other words, you have to have a presence in London to be a respected member of the ‘club’ (The Economist, 19.10.2006).

Of course the notion of conformity and isomorphism does not mean individual organisational initiatives do not occur. The organisational change literature makes a distinction between planned change and emergent change (Burnes, 2004). The difference is illustrated by the planned freeze-unfreeze-refreeze model proposed by Lewin (1947), and arguments that change is inherently political and emergent (Dawson, 1994; Pettigrew and Whipp, 1993), or even transformational (Kanter et.al, 1992). In short, the ‘firm-in-sector’ approach suggests the possibility of a middle ground between “sector determinism and unconstrained volition” (Child and Smith, 1987, 371), a pure institutional isomorphism view, and a resource based view which tends to underplay the importance of institutional factors. Rather, the firm-in-sector view suggests a much more complex dynamic exists, as a result of interactions between firms and their rivals, as well as with external actors and networks. It is therefore argued that sector exerts a strong influence upon market structure, technology and work organisation, and that sectoral institutions are also important in shaping human resource management and industrial relations policies. This chapter therefore provides a picture of the external environment in which the firms operate, while an overview of the internal environment of each organisation is provided in the respective case study chapters.
The UK financial service sector

The financial service sector is undoubtedly an important component of the UK economy, and a leading edge UK industry. In a list of the ‘World’s Most Respected Companies’ by the Financial Times, the UK top ten has four financial service organisations, three of which are banks (RBS, HSBC and Barclays) (Financial Times, 2005). US business magazine Forbes list of the UK’s 40 largest companies is dominated at the top by banks: HSBC, the Royal Bank of Scotland, Barclays, HBOS and Lloyds TSB occupy five of the top seven spots. Broadening the definition slightly to include other financial service organisations suggests that fifteen of the 40 largest UK companies (a metric of sales profits, assets and market value) today are financial firms, as illustrated in Table 4.3 (Forbes, 2005).

<table>
<thead>
<tr>
<th>Companies</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banking</strong></td>
<td></td>
</tr>
<tr>
<td>HSBC</td>
<td>1</td>
</tr>
<tr>
<td>Royal Bank of Scotland</td>
<td>4</td>
</tr>
<tr>
<td>Barclays</td>
<td>5</td>
</tr>
<tr>
<td>HBOS</td>
<td>6</td>
</tr>
<tr>
<td>Lloyds TSB</td>
<td>7</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>22</td>
</tr>
<tr>
<td>Alliance and Leicester</td>
<td>30</td>
</tr>
<tr>
<td>Northern Rock</td>
<td>35</td>
</tr>
<tr>
<td><strong>Other financial services</strong></td>
<td></td>
</tr>
<tr>
<td>Axa</td>
<td>9</td>
</tr>
<tr>
<td>Friends Provident</td>
<td>36</td>
</tr>
<tr>
<td>Legal and General</td>
<td>19</td>
</tr>
<tr>
<td>Prudential</td>
<td>18</td>
</tr>
<tr>
<td>Royal and Sun Alliance</td>
<td>32</td>
</tr>
</tbody>
</table>


Judged in terms of market value, financial firms including HSBC, Royal Bank of Scotland and HBOS are all top 10 UK organisations. Again, if the category is broadened to include life insurance companies, Aviva, Prudential, Old Mutual and Legal are General are all in the top 50 in terms of market value (Financial Times,
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2005). In terms of employment, financial services now accounts for 4% of UK workplaces, employing 6% employees (Kersely et.al, 2006).

Figure 4.4 reveals the increase in employment from under 300,000 in 1978 to over 600,000 in 2005, and in 2001 financial and business services accounted for 20% jobs in the UK compared with around 10% jobs in 1981. This makes it the sector with the highest growth in these two decades, as part of the post-war growth in services and decline in manufacturing (ONS, 2002). UK banks are also major employers, as illustrated in Table 4.4.

Figure 4.4 Employment in financial services.
Source: Office of National Statistics, 14.03.06

<table>
<thead>
<tr>
<th>Period</th>
<th>Employment (000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>1000</td>
</tr>
<tr>
<td>1981</td>
<td>1500</td>
</tr>
<tr>
<td>1984</td>
<td>2000</td>
</tr>
<tr>
<td>1987</td>
<td>2500</td>
</tr>
<tr>
<td>1990</td>
<td>3000</td>
</tr>
<tr>
<td>1993</td>
<td>3500</td>
</tr>
<tr>
<td>1996</td>
<td>4000</td>
</tr>
<tr>
<td>1999</td>
<td>4500</td>
</tr>
<tr>
<td>2002</td>
<td>5000</td>
</tr>
<tr>
<td>2005</td>
<td>5500</td>
</tr>
</tbody>
</table>

Table 4.4
Employment in the UK's largest banks

<table>
<thead>
<tr>
<th>Banks</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays</td>
<td>113,000</td>
</tr>
<tr>
<td>HSBC</td>
<td>284,000</td>
</tr>
<tr>
<td>NatWest</td>
<td>33,000</td>
</tr>
<tr>
<td>RBS Group</td>
<td>137,000, 102,000</td>
</tr>
<tr>
<td>HBOS</td>
<td>72,000</td>
</tr>
<tr>
<td>Abbey National</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>659,000</strong></td>
</tr>
</tbody>
</table>
In addition to their importance in terms of employment and contribution to the economy, banking organisations are generally highly profitable businesses. Recent profit reports are reported in Figure 4.5 below, offering a stark contrast to declining manufacturing industries.

![UK bank profits 2005](image)

**Figure 4.5** UK bank profits 2005
Source: Company Reports

**History and industry development: towards a new banking model?**

Change in the banking sector has been the result of various environmental influences including globalisation, de-regulation, competition, new technology and the economic climate (Wilkinson and Holden, 2001). Deregulation resulted in an increase in competition, and in return banks began to focus on marketing, profitability and service quality. Secondly, technological advances meant the development of new delivery channels, less reliance on the branch network and changes in the cost structure of the banking relationship (Gardener et.al, 1999). Before considering the human resource management implications, the following section considers three main changes in detail: the market, delivery systems and marketing orientation. The key characteristics are summarised in table 4.5.
Table 4.5
Evolution of banking

<table>
<thead>
<tr>
<th></th>
<th>Traditional banking</th>
<th>New banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Market characteristics</td>
<td>- Oligopoly</td>
<td>- Highly competitive</td>
</tr>
<tr>
<td></td>
<td>- Stable growth</td>
<td>- Turbulent</td>
</tr>
<tr>
<td></td>
<td>- Unsophisticated market</td>
<td>- Sophisticated market</td>
</tr>
<tr>
<td></td>
<td>- High barriers to entry</td>
<td>- Barriers to entry come down</td>
</tr>
<tr>
<td></td>
<td>- Personal sector relatively neglected</td>
<td>- Erosion of traditional demarcation</td>
</tr>
<tr>
<td></td>
<td>- Personal sector courted assiduously</td>
<td>- Personal sector courted assiduously</td>
</tr>
<tr>
<td>2. Delivery systems</td>
<td>- Extensive branch network</td>
<td>- Reorganisation and reduction of branches</td>
</tr>
<tr>
<td></td>
<td>- Branch network oriented</td>
<td>- Utilisation of IT</td>
</tr>
<tr>
<td></td>
<td>- Branch network oriented</td>
<td>- 24-hour banking</td>
</tr>
<tr>
<td></td>
<td>- Reorganisation and reduction of branches</td>
<td>- Direct banking</td>
</tr>
<tr>
<td></td>
<td>- Pricing based on cost</td>
<td>- Market position</td>
</tr>
<tr>
<td></td>
<td>- Diversity of activity</td>
<td>- Pricing based on perceived benefit</td>
</tr>
<tr>
<td></td>
<td>- Product oriented</td>
<td>- Focus on markets</td>
</tr>
<tr>
<td></td>
<td>- Collection of deposits</td>
<td>- Customer oriented</td>
</tr>
<tr>
<td></td>
<td>- Cheque and cash handling</td>
<td>- Proliferation of products but selectively</td>
</tr>
<tr>
<td></td>
<td>- Loans</td>
<td>- Proliferation of products but selectively targeted at segmented markets</td>
</tr>
<tr>
<td></td>
<td>- Full suite of basic services at all main branches</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Gardener et.al (1999, 90) and Storey (1995)

**Market developments**

Traditional retail banking in the UK was characterised by an oligopolistic market whereby banks operated a cartel and price competition was limited. High cost branch networks acted as an effective barrier to entry, and as such there was steady growth and the major players were lightly profitable. The market was traditionally demarcated but this ended with organisations offering a range of products and services. Legislation has since been changed to encourage greater competition in the sector and to provide better customer service. Until the 1980s, building societies operated in a market by themselves, enjoyed tax privileges, with interest rates published by the Building Societies Association. Their main business was providing loans for house purchase, and there was little price competition. Competition was mainly through the branch network and advertising. In the 1980s, banks entered the home loan market and eroded the building society monopoly. The 1986 Building Societies Act also allowed building societies to develop their diversification strategies into unsecured lending, property investment, estate agency,
insurance brokering and personal pensions. Deregulation exposed the clearing banks to competition, in what had previously been a clearly demarcated market. The personal market was also relatively neglected. Banks, other financial institutions and even non-banking organisations began to compete for the same market. In particular, new entrants were cherry picking the most lucrative segments of the market and therefore operating on a much lower cost-income ratio. Increased competition led banks to focus on increasing profitability and retaining existing customers.

Essentially, there was a convergence with organisations now attempting to cross-sell entire ranges of financial service offerings rather than just focus on a select few. Consumers are also now more sophisticated and able to compare products through the media e.g. newspapers and internet comparison sites such as [http://www.moneysupermarket.com/](http://www.moneysupermarket.com/) and consumer advice sites such as [http://www.moneysavingexpert.com/](http://www.moneysavingexpert.com/). Banks, which traditionally benefited from a combination of loyalty and inertia, now have to deal with more savvy consumers. This is illustrated by recent controversies regarding potentially unlawful bank charges, and confusing interest rates on credit agreements. Banks have also merged in order to reap scale economies: HSBC and Midland (1992), Halifax and Bank of Scotland (2001), Lloyds Bank and TSB (1995), Royal Bank of Scotland and NatWest (2001). In short, retail banks have become increasingly cost-conscious, as new competitors have entered the market without an expensive branch network have selected only the most lucrative segments of the market. This has put pressure on the clearing banks to reduce costs. Key challenges have included pressures on profitability, competition and technology.

**Restructuring delivery systems**

Traditionally the branch network was important in order to facilitate physical financial transactions, and acted as a barrier to entry. Recently, technological developments have seen a shift towards less reliance on physical branch transactions
in favour of electronic transactions, and increased use of telephone banking and online banking services. Table 4.6 illustrates the rise in internet/telephone banking.

<table>
<thead>
<tr>
<th>Name</th>
<th>Parent</th>
<th>Established</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Direct</td>
<td>HSBC (since 1992)</td>
<td>1989</td>
</tr>
<tr>
<td>Capital One UK</td>
<td>Capital One Corp</td>
<td>1995</td>
</tr>
<tr>
<td>Egg</td>
<td>Prudential</td>
<td>1996</td>
</tr>
<tr>
<td>Smile</td>
<td>Co-operative Bank</td>
<td>1999</td>
</tr>
<tr>
<td>Intelligent Finance</td>
<td>HBOS</td>
<td>2000</td>
</tr>
<tr>
<td>Cahoot</td>
<td>Abbey</td>
<td>2000</td>
</tr>
</tbody>
</table>

Thus, branch networks are no longer a barrier to entry as a result of developments in technology. New competition from e-banks, such as First Direct, has led traditional banks to question the cost effectiveness of their expensive branch infrastructure, however closing branches is bad for publicity. This has led traditional banks to reconsider how to best utilise the floor space (Gardener et.al, 1999). This has included the closure of many branches as illustrated in Table 4.7.

<table>
<thead>
<tr>
<th>Group</th>
<th>Branches</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 Building Societies*</td>
<td>1699</td>
<td>1478</td>
</tr>
<tr>
<td>Top 6 Bank Groups**</td>
<td>12659</td>
<td>10406</td>
</tr>
<tr>
<td>Top 10 converted building societies***</td>
<td>3473</td>
<td>3348</td>
</tr>
</tbody>
</table>

Source: Leyshon et.al 2004

- Nationwide, Britannia, Yorkshire, Portman, Skipton, Leeds & Holbeck, Derbyshire, Coventry, West Bromwich and Chelsea
- Barclays, HBOS, HSBC, Lloyds-TSB, RBS-NatWest
Research by Leyshon et.al (2004) suggests that there has been a continuous decline in bank branches since the late 1980s, with banks closing 36% of their branches, converted building societies 22% and mutual building societies 17% during the period 1989-2003. Between 1995-2003 banks closed 22% of branches, converted building societies 19% and building societies 5%. They argue that investor pressure to cut costs may explain the different rates of closure, combined with intense competitive pressure and the availability of new distribution channels. Changing consumer behaviour is another possible factor. However, their research did suggest corporate governance played a key role, with PLCs under intense pressure to reduce costs and boost profits. Restructuring has occurred with a system of lead branches, shifting back office functions to large regional processing centres. Lead branches avoid the costs involved with replication of expensive management skills, while processing centres encourage economies of scale (Gardener et.al, 1999). Branches have been redesigned and have become loss leading sales outlets, redecorated to offer a more open, friendly retail environment (Storey, 1995), in contrast to the traditional austere, high security environment.

**Development of a sophisticated marketing orientation**

Traditionally banks aimed to have presence in most financial markets and adopted a mass marketing approach. Emphasis has begun to shift to focusing upon more favourable markets where the bank can earn the highest rates of return, and the emergence of specialisation in particular markets where it is believed a competitive advantage can be achieved over competitors. Whereas previously the aim was to have representation across most product lines, banks have streamlined their product lines, and started to focus upon particular market segments. The growth of niche marketing is strongly related to developments in information technology which allow detailed insights into their customer profile and behaviour.
Implications for human resource management and employment relations

This section considers the implications of the business strategy and environmental changes for human resource management. For Cressey and Scott (1992, 95) a combination of these factors has led to a “paradigm shift in employment relations”. Six main factors shall now be outlined in turn: culture change; pay; staffing; work organisation; skills and careers, and industrial relations, and are also summarised in Table 4.8.

**Culture change**

Firstly, it is important to outline the general shift in banking culture. In the post-war era the expansion of employment, had enabled the development of stable paternalistic industrial relations, with a tradition of lifelong careers and for men in particular steady promotion through the ranks. Cressey and Scott (1992) describe the dominant culture as one of deference, loyalty and risk aversion. Employment relations were characterised by low levels of conflict, high job security and oligopolistic competition, and an IR culture of cosy staff associations. Since the recession of the early 1990s, controlling costs has become an important strategic priority. (Morris et.al, 2001). This required a change in culture from the traditional conservative approach, towards a more dynamic culture of performance (Cressey and Scott, 1992), and an emphasis on customer service (Terry, 2003). Traditional banking was less cost-conscious or profit orientated, with an emphasis was on technical skills and lending competence. However, there has been a shift towards a market-orientated culture, stressing sales ability as well as technical skill (Gardener et.al, 1999)
## Table 4.8
Summary of HR/IR Change in British banking 1989-

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Traditional Banking -1989</th>
<th>New Banking 1989-</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Culture</td>
<td>Culture change from conservative, risk averse, stable, paternalistic, cautious, hierarchical, command oriented</td>
<td>Dynamic, creative risk takers&lt;br&gt;Marketing and sales orientation, commercial, flexible, performance-oriented, Commitment-oriented, HRM, TQM, EI&lt;br&gt;Cost efficiency</td>
</tr>
<tr>
<td>2. Pay</td>
<td>Stable, incremental pay system&lt;br&gt;Uniform pay and conditions&lt;br&gt;Cost of living increases&lt;br&gt;Multi-employer bargaining outside the workplace&lt;br&gt;Wages out of competition</td>
<td>Introduction of PRP&lt;br&gt;Individual performance management&lt;br&gt;Inter-bank wage competition&lt;br&gt;Localised pay&lt;br&gt;Pay freezes/limited rises 1987 end national CB</td>
</tr>
<tr>
<td>3. Staffing</td>
<td>Secure, lifetime employment for career bankers&lt;br&gt;Two-tier recruitment for clerical workers and trainee managers&lt;br&gt;Steady recruitment and growth&lt;br&gt;Paternalistic welfare policies</td>
<td>Less secure, segment labour markets&lt;br&gt;Rationalisation&lt;br&gt;Jobs lost to technology&lt;br&gt;Segmented recruitment policies&lt;br&gt;Agency and part-time staff&lt;br&gt;Offshoring</td>
</tr>
<tr>
<td>4. Work organisation</td>
<td>High street branches</td>
<td>Repetitive back office work&lt;br&gt;Taylorised processing factories&lt;br&gt;‘Satelliting’/regional hubs&lt;br&gt;Flexibility&lt;br&gt;High street ‘Finance Shops’</td>
</tr>
<tr>
<td>5. Skills, training, career</td>
<td>Emphasis on lending skills and administration&lt;br&gt;Job evaluation and multiplicity of job grades&lt;br&gt;Steady promotion&lt;br&gt;Internal labour markets&lt;br&gt;‘All round bankers’</td>
<td>Increasingly specialised and fragmented&lt;br&gt;Fewer job grades&lt;br&gt;Diminution promotion opportunities&lt;br&gt;Reduce managerial responsibilities&lt;br&gt;Recruitment of specialists&lt;br&gt;Multiple tier entry</td>
</tr>
<tr>
<td>6. Industrial relations and governance</td>
<td>Non-unionised until 1960s&lt;br&gt;Significant growth&lt;br&gt;Main role played by staff associations&lt;br&gt;Rivalry between staff associations and BIFU&lt;br&gt;Few disputes/industrial action&lt;br&gt;Steady union density&lt;br&gt;Moderate employer support for collectivism&lt;br&gt;Stable/co-operative traditions</td>
<td>Containment of trade unions&lt;br&gt;Maintenance of staff associations&lt;br&gt;Consultation rather than negotiation&lt;br&gt;Take-it-or –leave it/hard-nosed&lt;br&gt;Direct employee involvement&lt;br&gt;First industrial action&lt;br&gt;Uncertainty about grassroots discontent&lt;br&gt;Union unity/mergers</td>
</tr>
</tbody>
</table>

Source: Adapted from Cressey and Scott, 1992 and Storey, 1995, 27).

### Pay

In terms of pay, multi-employer bargaining collapsed in the sector in the late 1980s, followed by a shift to company level bargaining and subsequently towards bargaining at the business unit level. Traditionally, pay was set by an incremental
ladder with rises annually between ages 16 and 31, and normally a cost of living increase. Since the late 1980s this has diminished when NatWest introduced performance related pay contingent upon profits, meeting targets and acceleration up the pay scales (Storey, 1995), resulting in a decline in collective bargaining. There has been a shift towards a culture of targets, bonuses and performance-related pay, and as such pay remains controversial in the sector. At HSBC in 2005 for example, a 24-hour walkout was staged over a pay dispute: the first in eight years. Amicus claimed that – despite record profits of £9.6bn, 55% of workers received no pay rise or a pay rise below the rate of inflation. HSBC, however, argued that 60% staff received a pay rise (BBC News, 27.05.05) Amicus also balloted workers at Lloyds TSB in February 2005, over a pay offer it claimed would mean 10% employees facing a pay freeze for the third consecutive year. The problem involved high long-serving high-performing staff located at the top of their salary scale, who had become frustrated not receiving any pay rises (EIRO, 2005).

**Staffing**

Traditionally, a job in a bank was considered to be a ‘job-for-life’, recruiting school leavers long-term until retirement. In the 1970s, banks introduced a three tier recruitment system: O-level holders; A-level holders and graduates. Emphasis is now on recruiting to specific functions rather than rounded ‘general bankers’ (Storey, 1995) As highlighted earlier, the sector has also been characterised by job cuts. In 2005, large scale job cuts were announced at Abbey, Lloyds, TSB, Clydesdale and Yorkshire Bank, with Amicus balloting members for strike action at HSBC and Lloyds TSB. At Abbey job cuts were related to the merger with Spanish Banco Santander, at Clydesdale and Yorkshire Banks this was related to branch closures, with plans to close 100 of their 449 branches.
Work organisation

Attempts have been made to shift the focus of branch staff to generation of sales as well as a customer service, and tellers have increasingly been taking on roles as ‘personal bankers’ or ‘financial consultants’ (Storey et al., 1999). Regional processing centres have been introduced for back office activities with Taylorised factory-like modes of working. However, financial service call centres have often been viewed often as high volume and low-value added, and therefore most prone to off shoring (see Table 4.9). Labour typically accounts for over 70% of a call centres costs, and as such lower costs in terms of labour, IT and rent have contributed to an interest in off-shoring to low cost economies, where it is estimated that costs can be reduced by 30-40%.

Table 4.9

<table>
<thead>
<tr>
<th>Company</th>
<th>To</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lloyds TSB</td>
<td>India (2003)</td>
<td>Call centre operations</td>
</tr>
<tr>
<td>HSBC</td>
<td>India, Malaysia, China, Phillipines (2000)</td>
<td>Back office processes</td>
</tr>
<tr>
<td>Abbey</td>
<td>India (2002)</td>
<td>Back office processes, call centre</td>
</tr>
<tr>
<td>Liverpool Victoria</td>
<td>Global</td>
<td>IT</td>
</tr>
<tr>
<td>Norwich Union/Aviva</td>
<td>India (2002)</td>
<td>Call centre operations</td>
</tr>
<tr>
<td>Zurich</td>
<td>India</td>
<td>Call centre operations</td>
</tr>
<tr>
<td>Royal and Sun Alliance</td>
<td>India/Global</td>
<td>Software development</td>
</tr>
<tr>
<td>Allianz Cornhill</td>
<td>India</td>
<td>Business processes, IT</td>
</tr>
<tr>
<td>Scottish Widows</td>
<td>India</td>
<td>Back office processes</td>
</tr>
<tr>
<td>Scottish Provident</td>
<td>India</td>
<td>Data processing</td>
</tr>
<tr>
<td>BUPA</td>
<td>India</td>
<td>Invoice processing</td>
</tr>
<tr>
<td>Axa</td>
<td>India</td>
<td>Back office processes</td>
</tr>
<tr>
<td>Barclays</td>
<td>India (2003)</td>
<td>Back office processes, IT</td>
</tr>
<tr>
<td>JP Morgan Chase</td>
<td>India</td>
<td>Investment analysts</td>
</tr>
<tr>
<td>Capital One</td>
<td>India (2002)</td>
<td>Call centre operations</td>
</tr>
<tr>
<td>Prudential</td>
<td>India (2004)</td>
<td>Back office processes</td>
</tr>
<tr>
<td>Goldman Sachs</td>
<td>India (2003)</td>
<td>IT, back office processes</td>
</tr>
</tbody>
</table>

Source: Leyshon et al., 2004

However, some of the major banks most notably RBS, HBoS, NatWest, Northern Rock and Nationwide have remained publicly negative regarding off shoring. The Chief Operating Officer of Northern Rock has suggested that “For us, the cost savings of moving to India would be relatively modest compared with the risk of not being able to control these operations” (Press release). Similarly The COO at Alliance and Leicester has stated that “I believe passionately that when a customer
contacts us they should be dealing with one of our own staff, trained and managed by us and with a dedicated focus on our customers’ needs and our products and services...others might be happy to use call centres in overseas locations, but we don’t intend to.” (Company press release). An HBoS statement also claimed that “The call centre operator is the voice of the company. It’s a big enough challenge to ensure that all of our people in the UK are aware of changes in everyday issues, without having to worry about an operation that is 3,000 miles away” (Company press release).

Although calls to make payments or query account balances are important to the customer, to the banks they have been perceived as a cost. Accordingly, there has been an emphasis on the use of efficiency-enhancing technology. Strategically, there has been an attempt to make call centres less of a cost centre, by trying to ‘add value’ to calls. For example, a routine balance enquiry could result in the opportunity to find out more about a customer situation and to proactively offer additional products and services. Negative attitudes in the UK to outbound cold calling mean that inbound operators are increasingly required to try and ‘add-value’ by cross-selling/up-selling during calls from the customer. Most call centre workers are based on the telephone, with other means of customer contact (e.g. email, web, fax and letter) accounting for less than 9% of a typical call centres work. Staff attrition is often an issue, attributed to relatively low pay and high work intensity.

**Skills, Training and Career Development**

Changes in banking have also contributed to changes in skill requirements and career paths. There is no longer a uniform standard ‘rounded’ banking career, due to a preference in recruiting for specific functions and at different levels, such as graduate fast track, or data processing/call agents. There has also been a growth in the employment agency staff, females and part-time workers. In terms of skill demands there has been a shift away from administrative and clerical competence towards more proactive sales roles, and this has resulted in resistance from long-service staff (Storey et.al, 1999).
Worker representation and enterprise governance

The recognition of trade and staff unions in financial services can be traced back to the 1960s, and membership has been relatively robust (Gall, 1993). This has been attributed to factors including moderate employer support, increasing employment concentration in large centres (obviously excluding the branch network) and considerable employment growth from the post war period until the end of the 1980s. Employee representation in the finance sector has been characterised by one main union and numerous staff associations. The main industrial union was the Banking Insurance and Finance Union (BIFU), known as the National Union of Bank Employees (NUBE) prior to 1979, with origins prior to this in the Bank Officers Guild (BOG). UNIFI was formed by a merger of three unions in 1999: Banking Insurance and Finance Union (BIFU), National Westminster Staff Association (NWSA) which organised NatWest staff, and UNiFI from Barclays (the former Barclays Group Staff Union). The Lloyds TSB union remains independent and is not affiliated to the TUC, and UNIFI merged with Amicus in 2005. There are also many building society staff associations. There has been a historical rivalry between the historically moderate, cautious, approach of building society staff associations as opposed to banks, although even BIFU was considered to be a fairly moderate union (Gall, 2001).

As the table below illustrates, most of the largest financial service UK organisations recognise trade unions and/or staff associations. Indeed, in 2004 72% of financial services workplaces recognised trade unions, and aggregate union density was 32% (Kersley et.al, 2005, 119). Comparable figures in manufacturing were 23% and 31% respectively. In addition, 56% of financial services workplaces have a union density greater than 50%, compared to only 11% in manufacturing. However, it must be noted that the categorisation of financial services combines insurance and banking, but as the study notes, density is typically much higher in banking than in insurance. Nevertheless, besides privatised public utilities, financial services is interesting as it is the only private sector industry where union recognition is the norm. (Kersley et.al, 2005, 120). In 2004 85% of financial services workplaces had
arrangements for employee representation, in turn making representation available to 80% employees in the sector.

Table 4.10

Representation and consultation in financial services

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Financial services</th>
<th>Manufacturing</th>
<th>All workplaces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership density</td>
<td>32%</td>
<td>31%</td>
<td>34%</td>
</tr>
<tr>
<td>Recognition</td>
<td>72%</td>
<td>23%</td>
<td>30%</td>
</tr>
<tr>
<td>JCC</td>
<td>62%</td>
<td>25%</td>
<td>38%</td>
</tr>
<tr>
<td>Any arrangement for representation (% workplaces*)</td>
<td>85%</td>
<td>37%</td>
<td>49%</td>
</tr>
<tr>
<td>Any arrangement for representation* (% employees)</td>
<td>80%</td>
<td>71%</td>
<td>71%</td>
</tr>
<tr>
<td>Incidence of collective bargaining (% workplaces)</td>
<td>63%</td>
<td>20%</td>
<td>27%</td>
</tr>
<tr>
<td>Incidence of collective bargaining (% employees)</td>
<td>49%</td>
<td>39%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Source: Kersely et.al, 2006, 111-133.

* Indicates presence one of one of the following: recognised union, joint consultative committee, lay-union representative or stand alone non-union representative.

This compares favourably with the private sector average of 47% and 61% respectively (Kersley et.al, 2005, 133). Non-union banks are certainly in the minority, and include organisations such as internet banks Capital One and Egg, and the building society, Bristol and West. Nevertheless, most non-union financial service organisations also have formal representative structures, such as the Partners Council at Bristol and West, and the ‘LINK’ representative council at Standard Life.
Table 4.11  Adapted from Gall (2001), IDS 892 (2003), IRS (2003), Unifi (2002) and company reports. Partnership organisations in **bold**

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Union recognised</th>
<th>Nos covered</th>
<th>Partnership</th>
<th>Date signed</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance and Leicester</td>
<td>ALGUS, CWU</td>
<td>6,300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AMP UK</td>
<td>Amicus</td>
<td>6,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aviva</td>
<td>CGNU</td>
<td>34,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AXA Insurance</td>
<td>Amicus</td>
<td>5,000</td>
<td>Yes</td>
<td>1998</td>
<td>(Unifi, 2002) (TUC, 2001)</td>
</tr>
<tr>
<td>AXA Sun Life</td>
<td>Amicus</td>
<td>2,300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bradford and Bingley BS</td>
<td>UBBS</td>
<td>4,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Britannia BS</td>
<td>BSU</td>
<td>3,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Churchill Insurance</td>
<td>Amicus</td>
<td>5,000</td>
<td></td>
<td>see RBS</td>
<td></td>
</tr>
<tr>
<td>Clydesdale Bank</td>
<td>Amicus</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operative Insurance Society</td>
<td>Amicus</td>
<td>4,900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comhill Insurance</td>
<td>Amicus</td>
<td>3,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Halifax</td>
<td>Accord</td>
<td>25,000</td>
<td>Yes</td>
<td>1997</td>
<td>(HBOS, 2005)</td>
</tr>
<tr>
<td>HSBC</td>
<td>Amicus</td>
<td>39,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legal and General</td>
<td>Amicus</td>
<td>7,800</td>
<td>Yes</td>
<td>1997</td>
<td>(Gall, 2001; Haynes and Allen, 2001, Kelly, 2004a)</td>
</tr>
<tr>
<td>Lloyds TSB</td>
<td>Amicus, LTU</td>
<td>72,000</td>
<td>Yes</td>
<td>1997</td>
<td>(Gall, 2001)</td>
</tr>
<tr>
<td>Nationwide BS</td>
<td>NGSU</td>
<td>15,000</td>
<td>Yes</td>
<td>Informal</td>
<td>(Informal)</td>
</tr>
<tr>
<td>Natwest</td>
<td>Amicus</td>
<td>47,500</td>
<td>Yes</td>
<td>1996</td>
<td>(Gall, 2001; Knell, 1999; Kelly, 2004a)</td>
</tr>
<tr>
<td>Northern Rock</td>
<td>Amicus</td>
<td>3,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Royal and Sun Alliance</td>
<td>Amicus</td>
<td>22,800</td>
<td>Yes</td>
<td>2002</td>
<td>(Unifi, 2002)</td>
</tr>
<tr>
<td>RBS</td>
<td>Amicus</td>
<td>70,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scottish Provident</td>
<td>Amicus</td>
<td>1,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Woolwich</td>
<td>WISA</td>
<td>6,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yorkshire Bank</td>
<td>Amicus</td>
<td>5,000</td>
<td></td>
<td>see Barclays</td>
<td></td>
</tr>
<tr>
<td>Yorkshire BS</td>
<td>Amicus</td>
<td>1,900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zurich</td>
<td>UFS</td>
<td>4,000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Historically, employment relations in the sector have been generally calm; however during the 1990s the sector was “far from strike free and docile” (Gall, 2001). Union density peaked at 54% in 1994, in stark contrast to the general industrial relations trends of the time. This was in response to major business changes including attempts to extend branch opening hours and the introduction of performance related pay, and the resulting “restructuring and erosion of the psychological contract in the finance sector” (Gall, 2001, 361).

Table 4.12
Rise of disputes and calls for industrial action in UK banking

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Date</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barclays</td>
<td>1995</td>
<td>Pay</td>
</tr>
<tr>
<td>Clydesdale</td>
<td>1995</td>
<td>Pay</td>
</tr>
<tr>
<td>Lloyds TSB</td>
<td>1996</td>
<td>Pay</td>
</tr>
<tr>
<td>Midland</td>
<td>24 December 1997</td>
<td>Working hours</td>
</tr>
<tr>
<td>Royal Bank of Scotland</td>
<td>24 December 1997</td>
<td>Working hours</td>
</tr>
<tr>
<td>Yorkshire Bank</td>
<td>24 December 1997</td>
<td>PRP</td>
</tr>
<tr>
<td>Clydesdale Bank</td>
<td>24 December 1997</td>
<td>PRP</td>
</tr>
<tr>
<td>Barclays</td>
<td>November 1997</td>
<td>Pay freeze/PRP</td>
</tr>
</tbody>
</table>

Source: Media reports

Towards partnership in the finance sector?
Following a hostile period of industrial relations in the sector, several organisations signed partnership agreements with the trade unions, in an apparent acknowledgement of the untenable nature of a poor employment relations climate. In particular service organisations are especially vulnerable to the bad media publicity strikes attract. Poor IR in a context of industrial action and job cuts appeared to be the impetus at Barclays, Co-operative Bank, NatWest and Lloyds TSB. In some other cases, including Legal and General and Scottish Widows, the rationale appeared to be slightly different, in that they were attempting to cement existing relationships (Gall, 2001). It is noteworthy that despite the popularity of partnership deals in the sector the main omissions appear to be HSBC, RBS Group and National Australia Group.
Cressey and Scott (1992) suggest that employment levels, career structure and industrial relations were the ‘three pillars’ of stability in the banking sector. Recently, they argue, this has been undermined, and the paternalism-loyalty quid pro quo no longer exists between the employer and the employee. As this chapter has illustrated, the changing environment has resulted in a major drive to improve operating efficiencies. As Gardener et.al (1999) reflect:

“The UK banking system is probably the most strongly market-oriented, shareholder value influenced in Europe...The single most important issue facing clearing banks in the future will be pressures on profitability and the need to improve shareholder value” (Gardener et.al, 1999, 94).

Returning to the framework outlined in Chapter 2, these developments may be conceptualised as issues of efficiency, equity and voice. Traditional banking appeared to represent a fairly stable context of moderate efficiency, in a context of high barriers to entry and modest competition in an oligopolistic market. Employment practices were stable and paternalistic, with a tradition of lifetime employment, steady promotion and welfare oriented personnel policies. In other words, they also exhibited a high degree of equity. There was also a dual system of voice with multi-employer bargaining outside the workplace, and workplace representation through a system of trade unions and staff associations. The shift to new banking, however, may be conceptualised as a sudden lurch in the 1990s to an
efficiency focus. The recent announcement by First Direct to levy a charge on their current accounts is further evidence of attempts to improve efficiency, and to counter the challenges of consumer bad debt and increasing regulation (Financial Times, 16.11.06). Paternalistic employment policies have been modified, in attempts to foster a dynamic commercial culture. In the 1990s, voice was already under threat with attempts at managerial unilateralism and resulting union and employee dissatisfaction, culminating in industrial action during the middle of the decade (see Table 4.13).

Table 4.13
Efficiency, equity and voice in UK banking

<table>
<thead>
<tr>
<th></th>
<th>Traditional banking - 1989</th>
<th>New banking – 1990+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency</td>
<td>Moderate (stable markets)</td>
<td>High (competitive markets)</td>
</tr>
<tr>
<td>Equity</td>
<td>Moderate (paternalistic)</td>
<td>Moderate/Low</td>
</tr>
<tr>
<td>Voice</td>
<td>Moderate (collective bargaining and employee representation)</td>
<td>Moderate/Low (decentralisation and individualisation)</td>
</tr>
</tbody>
</table>

After an uncharacteristic period of disputes in the sector, banking became a popular sector for partnership agreements, suggesting that there may be a specific sectoral dynamic to partnership. It is proposed that a key test of partnership is the extent to which partnership offers an effective *modus operandi* in terms of accommodating and institutionalising these competing objectives. In short, to what extent, if any, does partnership offer the potential to redress the imbalanced focus on efficiency which characterised 1990s banking? It is proposed that if it does, then partnership could demonstrate a modicum of success. Having outlined key commercial and HRM changes in the sector, the final section offers a brief overview of call centre working.

**Call centre work**

The chapter began by providing an overview of debates regarding the rise of the service economy and the related debates regarding employment in service
industries. However, the thesis focuses specifically upon the experiences of workers in large administration centres which have effectively become call centres in recent years. There are several reasons why the focus on call centres is interesting, not least because 3% of the working population actually work in a centre (The Scotsman, 18.06.2006). Firstly, call centre workers account for a large part of the financial services workforce outside the branch network. Secondly, call centres exhibit many interesting features such as the young workforce and high proportion of female employees, thus offering an interesting contrast with manufacturing or public sector research. Call centres also use many employment practices such as flexible working, atypical labour and performance related pay which are arguably indicative of the future of work. They are also the divisions which organisations find the most problematic in terms of employment relations, and especially recruitment and retention. There are several reasons to suggest that call centres may be unfavourable for trade unions. For example the workforce is white collar, 2/3 female and 1/3 part time (IRS, 2000), all categories with lower traditional union membership than male, manual full-time workers (Waddington and Whitson, 1997). The young age of individualistic ‘Generation X’ call centre workers might also be though to be a hurdle. Lastly, the individualistic and controlled labour process may be seen to be another barrier (Knights and McCabe, 1998). On the other hand there is also a sizeable community of call centre workers who have come from other occupations and may well have experience of trade unionism, making over-generalising dangerous. It has also been argued that “a strong base for trade unionism already exists in many finance sector call centres” (Bain and Taylor, 2002). It is useful, therefore, to define exactly what is meant by a call centre.

A call centre has been defined the UK government as:

“a contact centre will be said to exist where ten or more people work exclusively or for the majority of their time in a structured telephony environment (which may also involve electronic means of customer management), including either inbound and outbound operations. The operation will usually use an ACD (automatic call distributor) and this is an characteristic of a contact centre” (DTI, 2004).

At the end of 2003, 790,000 people in the UK were employed in call centres, typically in roles such as customer service, telesales, and management and support
Employment relations in financial services

roles. It was estimated that there were 5320 call centre operations and 500,000 workers employed as call centre agents. The British call centre industry has grown by 250% since 1995, and is the largest in Europe, and the second largest in the world. By 2007, call centres are predicted to employ over 650,000 call agents and over 1 million employees overall (Datamonitor, 2004).

Call centres in financial services

Financial services is by far the dominant operator of call centres, operating twice as many as the next largest industry sector, and indeed financial organisations were one of the pioneers of the concept in the early 1990s. In particular, First Direct (Midland, now HSBC) and Direct Line (RBS) are generally accepted to be among the first movers, beginning operations in 1988 and 1989 respectively (Bain and Taylor, 2002). Indeed, 15% of UK call centres are in financial services, accounting for over 800 centres in the UK, and 25% of call centre workers are employed in financial services. In the East Midlands, where two of the case studies were conducted, call centre employment accounts for just under 30,000 jobs. The finance industry also receives by far the most ‘call minutes’ at around 12,500 million minutes per year – over twice as many as the next vertical market, accounting for 30% of inbound traffic (Datamonitor, 2004).

The typical contact centre worker is female and in her 20s, with females accounting for around 70% call agents. At management level, gender is split more equally. Average tenure in a call centre is 3 years for a call agent and 4 years for a manager and the average age is 28. Typical workers are school leavers, students, graduates and women returning to work after having children. The mean average salary is £12,945 overall and £12,500 is the finance sector, with team leaders typically earning £19,000 and managers £27,250 (Datamonitor, 2004).

Academic debates

Call centres have attracted huge academic interest. Managerial writers suggest that call centres are characterised by skilled, empowered employees providing high quality customer service (Durr, 1996; Hook, 1998). This positive image portrays
call centre employees as empowered, semi-professional workers working closely with the customer and supported by advanced IT. To this end, working conditions are considered to be pleasant, offering interesting work, generous employment relations, teamwork, and good physical working conditions. This is reminiscent of the new service management literature alluded to earlier and the ideas around the productivity benefits of empowered workers (Schneider and Bowen, 1993; Schlesinger and Heskitt, 1991).

Most of the published academic research, written in a critical labour process tradition, has focused upon work organisation and management control and has taken an overtly critical view. Studies have examined industrial relations developments in call centres (Taylor and Bain, 2002, Rose, 2002), human resource management (Kinnie et.al, 2000) and union representation (Bain et.al, 2004). The call centre literature has also investigated labour process (Bain and Taylor, 2000), gender (Belt, 2002), work organisation (Frenkel et.al, 1999) and human resource management practices (Hutchinson et.al, 2000). Critics have described call centres as ‘electronic sweatshops’ (Garson, 1988), ‘panoptical wired cage’ (Menzes, 1996), ‘twentieth century panopticons’ (Fernie and Metcalfe, 1998), ‘assembly lines in the head’ (Taylor and Bain, 1999), and ‘female ghettos’ (Belt, 2002). Concerns have been raised in relation to the low status, poor pay, limited career prospects, high level of routine and limited discretion. The two perspectives are summarised in Table 4.14.

<table>
<thead>
<tr>
<th>Optimistic</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empowerment</td>
<td>Assembly line in the head</td>
</tr>
<tr>
<td>Modern workplaces</td>
<td>Bright satanic offices</td>
</tr>
<tr>
<td>High quality customer services</td>
<td>Taylorisation</td>
</tr>
</tbody>
</table>

However, Taylor et.al (2002) argue that a diversity of call centre working can best be understood by reference to a range of quantitative and qualitative characteristics.
Thus, there may be a continuum between those where workflow is volume driven with limited discretion, to those with higher levels of discretion and a focus on high quality customer service.

More positively, Frenkel et.al (1999) conclude that that neither the deeply pessimistic, nor the optimistic views are a fair representation of call centre work organisation, arguing that complex hybrid forms of work organisation exist. They argue that elements of both coexist, as management grapple with two competing objectives: standardisation of processes and customisation of products. Frenkel et.al (1999b, 91 ) conclude relatively optimistically that call centre workers do not “fit the stereotype image of the technologically incarcerated, regimented front-line employee” and “the image of the service organisation as regimented is overdrawn and therefore invalid”. Their studies found evidence of environments where call centre jobs were interesting and challenging, and front line workers did appear to be valued. For example, 75% of employee respondents reported overall satisfaction with their job (Korczynski, 2002). Deery and Kinnie (2002) suggest that there are limits to the ‘engineering model’ for three main reasons. Firstly, in some circumstance employees may need to exercise discretion or subjective interpretation in the interests of providing good service. Secondly, customers value the way service is provided, but this is limited in a tightly scripted and highly controlled interaction. Thirdly, given the fact the customer is part of the process, it is difficult to predict their demands and requests, therefore requiring scope for a degree of flexibility.

This apparent paradox between maximising efficiency on the one hand, and customer-orientation on the other, has been addressed in work by Korczynski (2002), and his theory of the ‘customer-oriented bureaucracy’. Clearly, then, there are evident tensions, and this leads to choices in employment relations strategies. In other words, do organisations adopt an ‘efficiency model’ with individualised pay, insecure jobs and strict routine and discipline, or do they adopt an HR system based upon high training, supportive supervision and team-working.
In other words, organisations make strategic decisions in relation to their business objectives, market segment and labour market (Kinnie et al., 2000), and it is proposed that the employment relations implications may be discussed in terms of the efficiency-equity-voice framework. A company which aims to maximise call volume and minimise costs is likely to pursue an approach with limited discretion, standardisation, surveillance and monitoring. In other words a high efficiency, low voice, low equity option. Conversely, an organisation aiming to provide high quality service may provide greater autonomy, wider skill utilisation, and technology focused on providing agents with information they need. The aim of this approach would be to accommodate interests of voice and equity as well as efficiency. These choices are similar to what Bowen and Lawler (1992) term the ‘production line’ approach and the ‘empowerment’ approach. Curiously, as manufacturing has shifted away from Taylorism and scientific management, this appears to be the dominant paradigm embraced by the service sector (Batt, 2002), and call centres in particular (Taylor and Bain, 1999). Recent evidence would seem to suggest however, that in reality, the constrained approach is actually inefficient (Deery and Kinnie, 2002), and could perhaps explain why several organisations which have offshored, have begun to return to the UK as service quality diminished.
Equally, not all offshoring has been high volume/low quality, for example the employment of highly skilled Indian graduates by IT organisations in IT support roles.

**Conclusion**

This chapter has argued that despite the rise of service sector employment, and the importance of the private sector to the economy, much industrial relations research remains firmly rooted in traditional manufacturing and public sector contexts. It has also demonstrated how the employment relationship in service work differs from these contexts as the customer often becomes a third party added to the traditional management-worker dyadic. In a similar way to the partnership debate, opinions on service work are divided between the optimistic new service management school and the critical school. More pragmatically, some have suggested that significant variations exist under the broad banner of service work, ranging for example from fast food restaurant workers to architects. There is a clear need for more studies conducted in service contexts, which are arguably more indicative of the future of work rather than declining manufacturing industries. Internationally respected UK companies are now more likely to be Royal Bank and Scotland, Tesco and Virgin, rather than ICI or British Steel (Corus).

Chapters 2 and 3 argued that an understanding of context is essential to partnership research. Therefore, before outlining the internal context in Chapters 5, 6 and 7, the external environment has been explored. Following ‘firm-in-sector’ theory, it is suggested that there is a need to place organisational developments within the wider context in which they operate. Again, a clear advantage of studying organisations drawn from a single sector is the degree of homogeneity it affords which could not be achieved, for example, by comparing a supermarket with the NHS. Indeed, it is proposed that there are many similarities between financial service organisations, which may represent a degree institutional isomorphism.
Undoubtedly, the financial service sector is a major and successful component of the UK economy. It is also one which has experienced massive change from stable oligopolistic ‘traditional banking’, to turbulent and intensively competitive ‘new banking’. This has driven an urgent need to change organisational culture, pay structures, staffing, work organisation, careers and industrial relations, and resulted in a significant rise in disputes and calls for industrial action. The rise of adversarialism may partly explain why partnership has been embraced in this sector, as unions and management had to address the end of post-war stability, and deal with the issue of falling profits and industrial relations unrest. This context provides an excellent leading edge test of partnership i.e. to what extent can partnership working regulate the competing equity and efficiency forces, in an industry where such forces had generally been balanced in the post war era? In particular, the study explored the experience of call centre workers. Again, this forms an important contemporary component of UK working, and financial services is the biggest employer of such workers. Moreover, call centres may be considered to be more representative of ‘modern’ employment relations, and have many interesting characteristics including the profile of employees and HRM/IR practices adopted, in a sense suggesting that if partnership is the future, this provides a good context. It exemplifies the drive for both efficiency in terms of answering calls and processing requests, and equity in light of problems of high staff turnover and the negative opinions on call centre working. Call centres also present an interesting environment for employee voice, and many have been targets for trade union recognition. Accordingly, the context provides an excellent contrast to existing partnership studies in aerospace, shipbuilding and public services (Danford et.al, 2005; McBride and Stirling, 2002; Richardson et.al, 2004).
Case study 1 – NatBank
Chapter 5: Case Study 1 – NatBank

Introduction

This chapter presents the first case study undertaken at the NatBank credit card administration centre in the North East of England. It begins by providing an outline to the case organisation and the site under study. This is followed by a discussion of the background to employment relations within the organisation, and at the centre. The partnership structures and understanding of the concept within the organisation is then examined. The chapter then examines the process of partnership by focusing on the nature of the various relationships forged between managers, union officials and representatives and employees. This is followed by a review of some of the key issues within the organisation in recent years, and in particular the way decisions have been made. The final sections evaluate the outcomes of the NatBank partnership, before concluding with some of the key barriers and challenges to partnership at NatBank.

Company profile

NatBank is part of a major UK-based financial service group, established in London 300 years ago, and currently one of the largest in the world. The bank converted into a public limited company in the early 1980s, and the Group has a turnover of £11 billion. The Bank is currently developing a growing international presence, and has around 118,000 employees across 60 countries. The bank is engaged primarily in banking, investment banking and investment management. Operations are divided into five main divisions: UK Banking, Credit Card, non-UK retail and commercial banking, Capital and Global Investors. In the 1960s, the bank created a separate credit card division, and the credit card business is one of the leading credit card organisations in Europe, with significant international operations in Africa and North America. Indeed, the NatBank credit card business alone would qualify as a
FTSE-100 company if it were to be listed separately on the stock exchange. The credit card business holds significant autonomy from the rest of the Bank. Geographically, operations were initially based in the Midlands, but in the 1970s centres were opened up in other locations where there was high unemployment including Liverpool and the North East. They have over 12 million credit UK cards holders and over 5 million internationally. The credit card business is also a significant player in the corporate credit card market with over 550,000 corporate cardholders, as well as in the transaction processing market where they have relationships with one third of British retailers. The business was also one of the founder members of the international VISA network in the 1970s. The credit card business employs over 5,000 people at four locations across the UK. Strategically, the business has not traditionally competed on price; rather it has dedicated significant resource to advertising, promotion and branding. Industry reports suggest the organisation has benefited from strong brand awareness, a good distribution network and information technology capabilities. This has enabled the business to maintain a one third share of the UK credit card market despite intense competition in the marketplace, from building societies, American credit card entrants, retailer point-of-sale credit offerings, and the popularity of storecards and debit cards such as Switch/Maestro.

The vision of the credit card division is to “be the most admired card business in the world, by delivering value through a deep understanding of our customers”. Underpinning this vision are espoused commitments to what the company describes as “the 4C’s”, namely Customers, Colleagues, Company and Community. These are summarised in Table 5.1.
Table 5.1
The Credit Card Vision: the 4C’s

<table>
<thead>
<tr>
<th>The 4C’s</th>
<th>Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>We will be the first for value, understanding and confidence in the eyes of our customers.</td>
</tr>
<tr>
<td>Colleagues</td>
<td>We will challenge, support and respect each other, valuing individual contribution. We will act with honesty and integrity.</td>
</tr>
<tr>
<td>Company</td>
<td>We will deliver on our promises to our shareholders, lead and grow the card industry and make outstanding contributions to the group.</td>
</tr>
<tr>
<td>Community</td>
<td>We will make a positive difference in the diverse communities that we are part of.</td>
</tr>
</tbody>
</table>

The case site: North East Credit Card centre

The credit card business has four main administration centres throughout the UK. The bulk of the research was conducted at a large credit card Administration Centre in the North East of England. The local area is synonymous with the industrial revolution, and as an important port for coal, iron and steel due to its abundant natural resources. It is also famous as the birthplace of the railway industry and a centre for bridge building, constructing major bridges throughout the world. In the post-war era, the area experienced economic decline and over the last 30 years employment loss in traditional industries exacerbated already high unemployment. The area has a mix of both affluence and social disadvantage. The area suffered during the recession of 1970s which reached a peak in the mid 1980s and was attributed in particular to closures in the steel industry. The region has since embarked upon a significant regeneration strategy to re-invent itself as a centre for inward investment and for service industries in particular. Largely this strategy has been founded upon expansion by employers with a presence already in the area, and attracting new investors to the area. The riverbank was once dominated by engineering and shipbuilding from the 1850s until eventual closure in the 1980s, and this reflects the importance of manufacturing to the local area, which is still above the national average. Jobs in financial services are slightly below the English
average at 3%, although unemployment and the number of people permanently sick or disabled is also above the national average (Table 5.2). The riverbank area is now a modern £350million business park, part of a major redevelopment project, built upon former industrial wasteland since the closure of an engineering works and the loss of 2500 jobs. The business park has attracted investment from several financial service organisations as well a local university, management consultants, legal services, architectural and engineering consultancy, as well as modern apartment developments. Most of the work on the park is clerical and administrative: call centre work accounts for 1/3 employment, administration 1/3 and professional services 1/3. The park now employs around 5000 people and according to local authority publications contributes an estimated £50 million per year to the local economy.

Table 5.2
Industry of employment (aged 16-74 in employment)

<table>
<thead>
<tr>
<th>Industries in NatBank area</th>
<th>Local authority</th>
<th>North East</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture; hunting; forestry</td>
<td>0.55</td>
<td>1.13</td>
<td>1.45</td>
</tr>
<tr>
<td>Fishing</td>
<td>0.01</td>
<td>0.04</td>
<td>0.02</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.6</td>
<td>0.56</td>
<td>0.25</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17.92</td>
<td>16.99</td>
<td>14.83</td>
</tr>
<tr>
<td>Electricity gas and water</td>
<td>1.21</td>
<td>1.01</td>
<td>0.71</td>
</tr>
<tr>
<td>Construction</td>
<td>7.66</td>
<td>7.32</td>
<td>6.76</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>17.61</td>
<td>16.19</td>
<td>16.85</td>
</tr>
<tr>
<td>Hotels and catering</td>
<td>4.51</td>
<td>5.1</td>
<td>4.73</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>6.35</td>
<td>6.76</td>
<td>7.09</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>3.06</td>
<td>3.04</td>
<td>4.8</td>
</tr>
<tr>
<td>Real estate, renting and business activities</td>
<td>9.87</td>
<td>9.16</td>
<td>13.21</td>
</tr>
<tr>
<td>Public administration</td>
<td>6.51</td>
<td>7.43</td>
<td>5.66</td>
</tr>
<tr>
<td>Education</td>
<td>8.2</td>
<td>8.02</td>
<td>7.74</td>
</tr>
<tr>
<td>Health and social work</td>
<td>11.87</td>
<td>12.74</td>
<td>10.7</td>
</tr>
<tr>
<td>Economically inactive: unemployed</td>
<td>4.98</td>
<td>4.53</td>
<td>3.35</td>
</tr>
<tr>
<td>Economically inactive: permanently sick or disabled</td>
<td>7.13</td>
<td>8.97</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Employment relations at NatBank

NatBank is a large organisation employing 126,000 employees worldwide, 113,000 of which are full-time equivalent (FTE). Over one half are based in the UK, one third in Africa and the Middle East, 3% in the Americas, 1% in Asia and 7% in continental Europe. In common with many financial service organisations the majority of employees in the organisation are women, and global staff turnover and resignation rates are around 18% and 11% respectively (Table 5.3).

In the UK NatBank employs over 60,000 employees, and the average length of service is around 10 years. Part-time working accounts for around one quarter of the UK workforce, and around 30% staff have parental responsibilities. The sickness and absence rate is 4%, and staff turnover is slightly above the global average at 20%. The UK resignation rate is comparable with the average resignation rate within NatBank globally, which is around 12% (Table 5.4).

### Table 5.3

<table>
<thead>
<tr>
<th>Global employment statistics</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Equivalent (FTE)</td>
<td>113,300</td>
</tr>
<tr>
<td>Total employee headcount</td>
<td>126,000</td>
</tr>
<tr>
<td>Percentage of female employees</td>
<td>61.90%</td>
</tr>
<tr>
<td>Percentage working part time</td>
<td>15.40%</td>
</tr>
<tr>
<td>Turnover rate</td>
<td>17.80%</td>
</tr>
<tr>
<td>Resignation rate</td>
<td>10.90%</td>
</tr>
</tbody>
</table>

Source: Internal documentation
The age profile of the organisation is also interesting with the vast majority (57%) of employees aged between 30 and 49. In addition, around one third of employees are under 30, of which almost one fifth are under 25. The smallest category is the over 50s who account for 11% of the workforce (Table 5.5).

<table>
<thead>
<tr>
<th>Age profile</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees aged under 25</td>
<td>17.90%</td>
</tr>
<tr>
<td>Employees aged 25-29</td>
<td>14.10%</td>
</tr>
<tr>
<td>Employees aged 30-49</td>
<td>57.10%</td>
</tr>
<tr>
<td>Employees aged 50+</td>
<td>11.00%</td>
</tr>
</tbody>
</table>

Though this provides a useful backcloth to the organisation as a whole, it is important to contextualise the credit card business in more detail. It is noteworthy that the administration centre has only recently become a call centre, following the relocation of many clerical/administrative functions to offshore partners in India several years ago. A similar strategy has been taken by other local employers including Eagle Star and the AA. Before the shift in emphasis, the North East centre delivered a wide range of back-office banking functions including record research (maintaining customer files e.g. statements), fraud, charge-backs (dealing with purchase disputes), customer complaints, and the central mailroom for the
credit card business. Indeed, up until the 1990s around 90% staff employed at in the credit card business were in administrative roles such as data processing/input or cardholder servicing, in a clerical or keyboard capacity. The majority of staff at the site have always been female, and this remains the case today, and working hours were typically Monday to Friday 9-5. Although the central HR function has always been involved in pay negotiations, many employment relations issues have always been dealt with locally within the credit card business. A long period of growth and profitability coupled with natural employee turnover meant that the credit card business was almost always recruiting, and issues of redundancy were unknown until the 1990s. Promotion through the bank’s internal labour market was the norm, and training focused on the development of routine technical and computing skills. Graduate recruitment was controlled centrally, although the credit card division was traditionally viewed as one of the least glamorous parts of the business for new graduate entrants, given its primarily administrative image.

Today the NatBank site under study employs around 1000 people. Most are employed as ‘Customer Account Managers’ (known as CAM’s), resolving inbound telephone queries from customers and promoting credit card products and services. Though the employment profile of a typical NatBank call centre worker is 18-24 years old, because of the history of the site, a substantial number of staff are females who have been employed for 10-20 years and are now in their 30’s and 40’s. Many joined straight from school, when getting a job in banking administration was viewed as a respectable start to a career. Issues of staff turnover are also substantially higher than in other parts of the business, although comparable with other call centres in the organisation.

Most roles now involve wearing a headset and receiving sales and service calls from customers. Callers are connected to the Interactive Voice Response (IVR) system to determine the nature of their query and route them to a suitable adviser. These are automatically routed through the Automated Call Distribution System (ADS), which is also used to generate various statistics regarding the efficiency of the call centre. With computer technology integration (CTI) the agent is automatically offered a
profile (‘screen pop’) of the customer on their screen to enable them to process requests efficiently. The profiling system may also prompt the adviser to promote a particular product during the call if the customer matches marketing criteria. For example a ‘call-to-activate’ – where a new customer calls to activate their new credit card – is seen to be one of the calls with the highest potential for generating additional cross-selling. Short and medium-term call volumes are also forecast to ensure an appropriate number of staff are ‘online’ at one time to meet incoming call volumes. The employee profile now ranges from school leavers and graduates who have recently joined, to long serving former clerical staff with over 20 years experience. Many of the new recruits worked for a recruitment agency which was perceived to be a ‘probationary’ area which would lead to ‘permanency’ if you were successful. Many of the graduate employees explained how they viewed the post as a stop gap before pursuing further study, or as a source of income immediately following graduation. Most employees suggested that NatBank was a good company ‘to have on the CV’. The environment was generally formal and traditional, and the dress code consisted of shirt and trousers without a tie. They are piloting a scheme of plasma screens in the call centre in a move to try and minimise unauthorised absenteeism. The idea was that the screens could be used to view major football matches and other events which typically created high absenteeism. However, when there was no special event the screens were tuned into rolling news coverage.

Following the transition from administration centre to call centre, employees suggested that the organisation had become a lot more pressurised with emphasis on “stats”, performance measures and key performance indicators (KPIs), and generating sales and meeting targets. There was awareness, however, that while NatBank used to have a strong market leading position, there was now intense competition in the credit card industry since deregulation. Whereas before their credit card offering was reputable and innovative, now supermarkets, airlines, universities and even football clubs offer cards. There were also employee concerns regarding the repetitive and highly structured working environment of a call centre. However the Credit Card Customer Service Director, who was responsible for the
current sales strategy, demonstrated a unitarist perspective, suggesting that employee issues were related to a lack of understanding of business needs, or miscommunication requiring better leadership.

Table 5.6
Results from the 2003/4 NatBank Employee Attitude Survey

<table>
<thead>
<tr>
<th>Survey metric</th>
<th>CC 2004</th>
<th>CC 2003</th>
<th>NB 2004</th>
<th>NB 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership of the Group</td>
<td>45</td>
<td>47</td>
<td>51</td>
<td>44</td>
</tr>
<tr>
<td>Employee engagement</td>
<td>55</td>
<td>54</td>
<td>59</td>
<td>51</td>
</tr>
<tr>
<td>Employer of choice</td>
<td>56</td>
<td>55</td>
<td>59</td>
<td>50</td>
</tr>
<tr>
<td>Business unit/area leadership</td>
<td>54</td>
<td>57</td>
<td>61</td>
<td>55</td>
</tr>
<tr>
<td>Team leadership</td>
<td>69</td>
<td>71</td>
<td>71</td>
<td>70</td>
</tr>
<tr>
<td>Corporate performance and responsibility</td>
<td>65</td>
<td>67</td>
<td>70</td>
<td>66</td>
</tr>
<tr>
<td>Reputation for excellence</td>
<td>49</td>
<td>50</td>
<td>54</td>
<td>50</td>
</tr>
<tr>
<td>Competitive edge</td>
<td>46</td>
<td>44</td>
<td>45</td>
<td>40</td>
</tr>
<tr>
<td>Two-way communication</td>
<td>52</td>
<td>50</td>
<td>58</td>
<td>48</td>
</tr>
<tr>
<td>Supportive culture</td>
<td>63</td>
<td>64</td>
<td>66</td>
<td>62</td>
</tr>
<tr>
<td>Efficiency working practices</td>
<td>34</td>
<td>33</td>
<td>33</td>
<td>31</td>
</tr>
<tr>
<td>IT and technology</td>
<td>32</td>
<td>40</td>
<td>38</td>
<td>35</td>
</tr>
<tr>
<td>Equipping people to do the job</td>
<td>69</td>
<td>70</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>Team and work environment</td>
<td>67</td>
<td>68</td>
<td>73</td>
<td>71</td>
</tr>
<tr>
<td>Managing pressure</td>
<td>59</td>
<td>60</td>
<td>58</td>
<td>53</td>
</tr>
<tr>
<td>Performance development</td>
<td>58</td>
<td>61</td>
<td>60</td>
<td>59</td>
</tr>
<tr>
<td>Job empowerment and fulfilment</td>
<td>67</td>
<td>68</td>
<td>72</td>
<td>68</td>
</tr>
<tr>
<td>People development</td>
<td>59</td>
<td>61</td>
<td>63</td>
<td>58</td>
</tr>
<tr>
<td>Reward</td>
<td>66</td>
<td>65</td>
<td>61</td>
<td>59</td>
</tr>
<tr>
<td>Recruitment</td>
<td>47</td>
<td>46</td>
<td>47</td>
<td>43</td>
</tr>
<tr>
<td>Complaints management procedure</td>
<td>52</td>
<td>54</td>
<td>53</td>
<td>51</td>
</tr>
<tr>
<td>Job security</td>
<td>61</td>
<td>63</td>
<td>67</td>
<td>65</td>
</tr>
<tr>
<td>Customer orientation index</td>
<td>51</td>
<td>53</td>
<td>59</td>
<td>56</td>
</tr>
<tr>
<td>Employee engagement index</td>
<td>57</td>
<td>57</td>
<td>62</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: Internal documentation

Table 5.6 presents the results of a recent attitude survey conducted, by an external consultancy, within the credit card business and the bank overall. When the indicators are combined to give an overall ‘employee engagement index’ the results for the credit card business is 57% compared to a group average of 62%. It reveals that employee concerns centred around issues such as group leadership, efficient working practices and technology. The most favourable results were received on indicators of team leadership, team and work environment, and job empowerment and fulfilment. It is also interesting that the survey results are fairly consistent over the two years available, and are therefore a useful general indicator of the quality of
employment relations. Management interpretation of these results was that they were generally satisfactory but ‘flat’, and falling marginally below the group average on most indicators.

**Partnership structures at NatBank**

The partnership agreement at NatBank was a borne out of a very poor climate of industrial relations in the late 1990s, culminating in industrial action over pay in 1997. This centred around the proposed introduction of performance related pay which the union claimed would effectively mean a pay freeze for 7 out of 10 employees. The Bank argued that the new system would reward high performing staff unlike existing across-the-board pay increases based on seniority. This also meant that pay increases would not necessarily be consolidated into basic salary, which in turn would lead to lower pension entitlements. The union balloted for a series of actions including two and three-day strikes, an overtime ban, and work-to-rule. The union also organised a ‘take-your-full-lunch-day’, encouraging employees to use their full lunch hour, which they suggested many cut short to clear backlogs of work. A similar proposal also resulted in industrial action at other organisations including British Airways at the same time. Union representatives admitted that there was a need to end the hostile ‘everybody out mentality’ that prevailed within the Bank whenever an issue arose. The Chief Executive has suggested that the reason why such issues were counter to the culture of European banking is historical, and that, “many of them were nationalised, and many people got into the habit of thinking of them as social services…but the fact of the matter is we have to make profits…and if certain shops aren’t making money, these shops will close” (Internal document). This reflects the other side of the argument, the fact that there was a crisis of City confidence in the leadership of the bank in the late 1990s, with business press reports suggesting the company was being outperformed by other banks. In the early 1980s NatBank was Britain’s biggest bank but had experienced hard competition during the 1990s, and in 1998 the Chief Executive
resigned. A new Chief Executive was appointed with the remit of “turning the bank around”.

The Employee Relations manager for the credit card division is based at corporate headquarters, and is responsible for employment relations issues across the four sites. He explained how, when he joined the organisation as a graduate trainee in the 1990s, the industrial relations climate was poor:

“When I first joined the organisation the relationship was absolutely shocking. Within the three months of me joining the organisation there was industrial action. Not because of anything I’d done! There was industrial action in the branch network. As I began to find out that was the culmination of a lot of things going badly in terms of the overall relationship. During the 1990s the relationship between the union and the company had been quite fractious, every odd year there would industrial action and every even year they’d be long days and evenings at ACAS trying to solve problems” (Employee Relations Manager).

Similarly, the union National Secretary, who had been heavily involved during the 1990s disputes, suggested the union was kept at arms length:

“In 1995 the bank tolerated the union and both the unions were kept very much at arms’ length, weren’t allowed into the banks head office, had no relationship with the business-end of the bank, had no relationship with the senior HR or other managers in the Bank…the only relationship they had was with the Employee Relations Director. And in autumn 1997 we had the most horrendous strike in NatBank, we were out for three days, it doesn’t sound much but in finance industry terms that’s pretty big. I didn’t speak to the Bank for about 6 months”.

Management and union respondents agreed that the 1990s situation was untenable. A formal partnership agreement was signed at a national level between NatBank and the recognised union in 2000 and, following a formal review and ballot, has recently been renewed for another five-year period in 2005. The partnership agreement was based upon an adaptation of six principles of partnership espoused by the TUC (TUC, 1999). The full terms of the agreement are included in the Appendix, although the six main principles are summarised below.

*The principles of partnership:*

1. to secure and promote the long terms success of NatBank
2. to promote the interests of employees, customers and shareholders
3. to ensure that NatBank meets customer expectations by having people with the right skills in the right place at the right cost
4. to facilitate the management of change
5. to ensure employees are managed fairly and professionally
6. to promote equality of treatment and opportunity for all, valuing diversity
There are currently three accredited union representatives on site, while for a period before there were none. The role of a union rep is “to represent union members and to work with line managers/team leaders in resolving staff issues arising at a local level”. Typical duties include providing advice to members, delivering joint union/management communications, recruitment, liaising between management and members on issues and representing members during discipline and grievance procedures. All are long-standing employees of the Bank and have been in the role as representatives for around two years. They decided to get involved following several related incidents within the organisation concerning a poorly received pay deal which resulted in a pay freeze for many long serving staff, and attempts to harmonise contracts, after the announcement of plans to offshore certain administrative functions to India. Essentially, the decision to outsource various administrative departments meant that the North East centre was to become primarily a call centre. This resulted in many previously non-customer facing staff being transferred to new telephone-based customer service and sales roles. Converting to a call centre meant a review of pay for the new roles, as well as the need to change from a 9-5 office to gradually becoming a 24-hour operation. The union representatives explained their motivation for standing as a representative. The key driver was the suggestion that flexible call centre-oriented contracts were to be introduced. As one representative explained:

I thought I’m going to need to get more involved here, it cannot come in! It cannot come in to the centre. Because what they were looking for was to get everyone off the original NatBank contracts which were fantastic contracts, and get them all on these flexi contracts which are pish! Very little pay, and also staggered start and finish times, you don’t know when you are in from one week to the next really. They’ve streamlined a lot of it since then, but that’s why I got involved. I thought its not happening. I’m not letting it happen. And I haven’t let it happen! (Union representative).

Another representative offered a similar explanation:

“We didn’t have a rep here and there was loads going on. I just thought bugger it, I’m going to go for it and see if I can make a difference. And I went for the interview and I got the role” (Union representative).
Table 5.7

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<th>Mechanism</th>
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<td>1. Local union representatives</td>
<td>3 accredited union representatives; 1 union learning representative</td>
</tr>
<tr>
<td>2. National union consultation</td>
<td>Monthly (ER Manager, FTOs)</td>
</tr>
<tr>
<td>3. Union/rep facilities</td>
<td>2 days month plus ad hoc, private telephone, mobile telephone, noticeboard, internal/external mail access, PC, photocopying, filing cabinet, expenses, training, revised performance targets</td>
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Representatives receive two days per month for union duties although there is scope for scheduling of extra time if union duties require it, and the representatives suggested that this is normally granted by their line-managers. The representatives also have weekly meetings together to discuss issues, fortnightly meetings with the call centre managers and monthly meetings with the Head of Site. They also hold quarterly meetings for members, although it was reported that generally these are poorly attended, with most members preferring to make informal contact on an ad hoc basis during the working day should they have an issue. The representatives also have frequent contact with the central union receiving various weekly mailings through the post, and can also email and telephone for important enquiries. They also appeared to be fairly active, suggesting that they deal with at least one union issue each day. They described the role of the NatBank full-time union official as one of ‘mentor’ offering advice and support when they feel they need to escalate and issue, although many decisions are devolved locally. The credit card division FTO suggested that it was an explicit aim to build a solid cadre of local representatives because this was desirable for practical reasons, but also because the partnership working required competent and knowledgeable local representatives.

The union represents both NatBank employees and also provide basic support for agency staff working for the preferred recruitment agency, for a reduced rate of subscription. The full-time official suggested that the role of representatives is twofold. Firstly, to deal with day-to-day discipline and grievance issues with members. Secondly, to provide local expertise at negotiating meetings, but they are not allowed to agree changes to contracts or terms and conditions. He suggested this was logical because he and the Employee Relations manager cannot fully understand the dynamics of call centre working, and do not have a first-hand
understanding of the issues. On the other hand, representatives were not allow to agree any changes to terms and conditions as the FTO suggested these ought to be reviewed and agreed centrally.

Though partnership was described as primarily in terms of mechanisms of representative participation between the employer and the trade union, the business also utilised an array of direct employee involvement mechanisms. These included newspapers and magazines, ‘buzz’ team briefing sessions, memo ‘desk-drops’ and the company intranet. Though much of the emphasis was on downward communication there were also some upward mechanisms, for example the Head of Site also holds occasional informal feedback sessions with employees over coffee. She believed this offered her a quick snapshot into the concerns of ‘ordinary’ employees. At a business level there were also employee attitude surveys and suggestion schemes. There was no evidence to suggest that these practices competed with representative participation; rather they appeared to operate in parallel.

**Definition of partnership with NatBank**

According to the Employee Relations manager partnership concerned a modern, sensible approach to the management of industrial relations centred around a joint commitment to business success:

“I think [partnership] is about sensible modern industrial relations. From a trade union perspective what they are interested in is long-term business success because without the business being successful, well trade unions rely on businesses being successful in order for themselves to be successful. There is a mutual self-interest here. We want to make lots of money for our shareholders, and the union would like us to make lots of money so we can continue to employ lots of staff who can in turn contribute to the unions funds. That means that the central core of partnership is about long-term business success, but that the perspectives the employer and trade union are coming at it are completely different” (Employee relations manager).

Management suggested that in practice this meant more dialogue and interaction with the trade union, and considering decisions from an *employee* as well as business/financial point of view. Without a partnership approach, the Director of
Credit Card Customer Service suggested that the union wants what is best for the union, and the business simply wants what is best for the business:

“When you don’t have partnership, the trade union want to get a result which is good for the trade union. And the company wants to get a result which is good for the company…[with partnership] when you take an issue to the table, everybody wants to get it solved” (Director of Customer Service).

Local managers also suggested that partnership concerned a more proactive problem solving approach, and understanding the rationale behind decisions and business pressures. As the Site Manager explained:

“Working together to get the best outcome…it’s thinking about what we’re doing in advance and that we need to talk to the reps…I think we do that now…it’s not an afterthought anymore” (Site Manager).

For the call centre manager, clarifying the rationale for decisions was central to the approach:

“The idea of partnership for me is that we work on things together…they [the representatives] have the absolute and full logic behind decisions” (Call centre manager).

The Site Manager offered a fairly unitarist definition:

“I think the value of employers today and the values of the union are more closely aligned. Unions want sustainable jobs and the employer wants to be profitable. And profitable businesses are more likely to deliver sustainable jobs. I think there has been a meeting of minds in a way” (Site Manager).

For the union national secretary, ‘partnership’ also concerns problem-solving and closer interaction between the union and the management team, but warned that perhaps the term partnership itself is a misnomer:

“Respect and transparency. Also, a move from ‘institutionalised’ conflict to problem solving. The whole ethos around partnership is problem-solving. But partnership is not the right word. It can never be a partnership. NatBank are running a business which makes 4 billion per year profit! What it does mean is that we are now in the tent rather than out the tent. In terms of interfacing with the main leaders of the bank, in terms of business decisions and the impact on staff. Dealing with staff in a totally different way. Dealing with staff as a real resource that the Bank want to train and keep” (Union National Secretary).

In other words, he believed it was possible to get involved in a debate as to whether partnership offered an ‘equal’ relationship, overlooking the benefits such a framework offers, including access to key business decision makers, better information, and a greater respect for each parties point of view. In a similar vein, another FTO who had only recent joined the union’s NatBank team, suggested that partnership as a term is not as revolutionary as it sounds, but that it essentially provides a framework by clarifying each others rights and responsibilities and setting out the ‘rules of the game’. Full-time officials also suggested that one of the
key components of partnership concerned both management and the union understanding each sides point of view. The National Secretary suggested that senior management now had a clearer idea of the operation of trade unions, and equally full-time officials now had a greater appreciation of business issues. He contrasted partnership – which he described as “a joint-working group approach” – with an “institutional conflict approach”, where he said the union would make a claim, and the bank would then respond to that claim without any real dialogue or regard for the other parties point of view. In other words, in terms of approach, partnership was quite distinctive from traditional zero-sum arms-length adversarialism.

Yet it is important to recognise that the FTO with responsibility for the credit card division, with a background in engineering unionism, was openly opposed to partnership, suggesting that partnership is founded upon an unrealistic unitary view, and that it is no better and indeed no different to a traditional recognition and procedures agreement. He suggested that “if partnership delivered any real power, management wouldn’t touch it with a barge poll”. For this FTO, partnership is a managerial strategy to enhance the ability of management to exercise control over the union, and this was a viewpoint for which he was well known. He concluded that partnership would only be ‘real’ if the union had 50% seats on the Board. He suggested that though he can “live with it”, he did not believe the Bank believed in the underpinning philosophy. On the other hand, another National Officer took the view that in reality British companies have been in some kind of partnership for decades, and that a traditional recognition and procedure agreement is some kind of partnership. For him, the characterisation of British IR as historically hostile and adversarial was only a small part of the picture. As he explained:

“I think a lot of old R and P agreements talk about working in partnership together…it gives the employer certain rights and responsibilities. It allows us to do certain things and it allows the employer to do certain things…I suppose the key thing is it puts in place the structure, it’s a means to an end really. A means to try and get good industrial relations” (Full-time officer).

For the representatives partnership was described as a less conflictual approach, and suggested that they now had to consider decisions from a staff and business point of
view, whereas previously they may have only looked at the staff point of view. They also suggested that partnership concerned early consultation regarding issues as opposed to discussion at the implementation stage which they believe characterised non-partnership relationships. Representatives offered the following definitions:

“A 50:50 way of sorting things out...meeting in the middle without strikes and ballots. There’s nothing daft. Sat round a table sorting things out before it gets any further” (Union representative).

“Partnership is working together to try and solve issues. Not in conflict. It’s both working for the best possible interests for the members, well its not just the members that benefit but the staff. That’s my understanding. That’s my idea of partnership” (Union representative).

“As a rep it’s a fine balance. You are there for the staff, but you are also there for the business. Basically in that in-between bit. Obviously we are more there for the staff than the business, but the business does pull on us as well” (Union representative).

In short, even within the company and the union there were a diverse range of views regarding the precise meaning and desirability of partnership. It is also noteworthy that there are different opinions regarding the desirability of partnership between union officials and not just managerial respondents.

**Influence and managerial prerogative**

It was made clear by the management team, however, that the union representatives do not need to agree or “rubberstamp” decisions. Rather, the focus is on early consultation regarding developments and the opportunity for representatives to provide feedback and input while decisions are still at “the design stage”, in other words as soon as proposals are put forward. When local representatives have strong feelings on an issue and no agreement can be reach locally there is the option of escalating it to national consultation for further detailed discussion. Formal consultation meetings take place monthly at the different sites, and involve the credit card business Employee Relations manager, full-time union official and other relevant management and representative guest members. The Employee Relations manager made clear that under partnership the business retains the right to make the final decisions:

“The union is not always going to agree with us. We are not always going to agree with them. Big Deal. In a large organisations its about being adult and grown up about that, its ok to have rows. It’s ok to have diversity of opinion. It just means one side has to convince the other that their arguments are stronger. But ultimately the business will make the decision. Because its the business that has to answer to shareholders. It wouldn't necessarily stop us from doing something. Sometimes it might stop us from doing something, but ultimately we would proffer
the view that we are dealing with the shareholders not the trade union” (Employee Relations manager).

Indeed it was suggested by the call centre manager that if employees perceive that the trade union actually agrees all decisions this can lead to misunderstandings between representatives and union members:

I think the reps get themselves into a bit of a corner sometimes, because I think they like people to think that they agree everything and that nothing can happen until they've said yes, so when something does happen they don't agree staff are up in arms with them. So I think its in everyone's interests to be very clear, the union reps do not need to sign everything off, but they will understand why we've done what we've done, and I think that they learn that more and more as we go forward, and the more experienced union reps absolutely know that. Your life is a nightmare if the staff think that they agree everything. Because they get attacked. So it's far better, that everybody understands that relationship. (Call centre manager).

Union representatives, however, suggested that sometimes the way decisions were communicated through joint statements contributed to the employee perception that unpopular decisions have been ‘authorised’ by the union. This is illustrated by the following quotes:

“We are tied when it says NB have agreed in conjunction with Unifi”.

“It’s the wording, but there's nothing we can do about it”.

“Sometimes staff might think the union agree to anything but they don't know what the starting point was, and they cant be told. They can only be told what he outcome is. Its part of the restriction the Bank place on it. Quite a lot of things. If its bad news it says NatBank and the union have agreed this, that makes them look in a better light. And we can’t say what the starting agreement was, and that what we ended up with was a hell of a lot better! (Union representative).”

However, as the Employee Relations manager put it, ultimately the bank is a business and is run to make a profit and must deliver for shareholders. He argued that, as the market changed the business must also change and that may inevitably lead to changes to jobs. As he concluded, “Ultimately we are responsible to shareholders. And even if fundamentally the trade union is opposed and we wanted to do something, we'd go and do it”. On balance, he suggested that union were now more sensitive to “commercial realities” of operating a bank in a globally competitive sector.
Relationships

Given that the definitions suggest that partnership concerns joint-working and trying to understand each party’s point of view, it is useful to explore the realities of the relationships between the key actors. These are now discussed in turn.

**Senior management-union relationships**

Senior managers and union officials unanimously agreed that at a senior level management-union relationships were healthy. The Employee Relations Manager suggested the key issue was creating a dialogue which attempted to balance employee interests with commercial realities and shareholder expectations. However, he commented that the nature of the relationships forged under partnership were “oceans apart” compared to pre-partnership which he described as a time of “arms-length legislative compliance, rather than real enthusiasm”. Again, there did seem to be a belief that there had indeed been a significant change in behaviours and attitudes. He suggested making the relationship work required great perseverance and required much more trust and faith, and that since the outcomes for management and the union are hard to quantify, partnership is very much an article of faith. He contrasted the UK partnership approach with traditional approaches to employment relations in Sweden, acknowledging that changing British management attitudes to trade unions would be far from straightforward. He proposed that at a senior level the relationship can work well, with union officials acknowledging business rationale, and senior management acknowledging the value of union dialogue, as an insight into employee opinion and likely reactions. The Customer Service Director agreed that at a senior level within the bank and within Credit Card there is a constructive dialogue centred around ensuring the bank is successful.

The credit card business full-time official was, again, less enthusiastic regarding partnership. He admitted that some of the relationships, especially the one he had with the Employee Relations Manager were “very good but [had] nothing to do with partnership”. He reiterated his opposition to the partnership philosophy, and
argued that there was nothing special about partnership, and that it is merely a fad and buzzword. He explained:

“My relationship with ER Director is quite good. I get on well with him. In fact I get on well with all the ER people. But basically they have their job to do and I have mine, we will do deals. We will play our particular roles. But I’ve had similar relationships with other people. Partnership is just a name” (Credit Card FTO).

However, the National Officer disagreed with this viewpoint, arguing that you have to evaluate the relationship in relative terms, and on this basis he proposed the relationship was actually better than most others in the industry. Likewise the Employee Relations Manager concluded that the NatBank relationship was very good in comparison to many others in the UK but not perhaps in comparison to a social democratic country like Sweden. In other words, how you measure success appeared to be important. As the Customer Service Director concluded:

“If you look at the senior representation within the trade union they are broad minded forward looking individuals. Who are thinking about the broader agenda. But I don’t think that’s always the case for local reps” (Customer Service Director).

This clearly suggests that there are different levels of partnership and highlights the importance of the role of local representatives.

**Representative-manager relationships**

Senior managers and union officials agreed that typically relationships were less strong at a middle management level. The credit card division full time official suggested this was because middle managers are not rewarded on the basis of ‘partnership behaviours’ but rather on the basis of delivering quantitative business targets, and often this would mean issues concerning involvement and consultation would “fall by the wayside”, in order to achieve the business demands placed upon them. The NatBank National Officer also agreed that the main problem area was what he described as the “marzipan layer of management”. The Employee Relations Manager echoed this view, but suggested that a diversity of opinion was to be expected:

“Further down the organisational food chain you’ve got a mixed bag really of people who are very pro the trade union, and the role they can play as the representatives of staff, to people who are agnostic about the role the union can play, to people who are damn right hostile. Well that’s no different to society. It would be a very odd organisation if we didn’t reflect that”. (Employee Relations Manager).
However, the representatives all agreed that local relationships had improved immensely within the North East centre since the partnership agreement. In particular, it was believed that the fact that the union representatives and most of the management team were long-serving employees had helped to promote a strong relationship. For example, the current Site Manager is a former union representative, and actually recruited one of representatives to the union many years ago! The site management team are also mostly members of the union. As the representatives commented: “We have a good relationship with local management....there’s not much we need to take to [formal] consultation” (Union representative). Another representative expressed a similar view, “We can go and talk to anybody. We don’t always get what we want, but we know we are heard. They suggested the relationship was now much more open and they can approach the management team informally as opposed to the more traditional style “when it was all about managers’ and managers assistants’. As one representative commented “I’ll go for a ciggie with the managers, it’s really no problem!”.

Similarly, local management were also positive. As the site manager remarked “the relationship is quite open and honest”. She argued that the representatives were “well-balanced” and were good at bringing views “from the floor”, and not afraid to challenge or be the voice of the people:

“I would say we have a good relationship…it’s not without it’s problems…we don’t always agree but it’s not about agreeing, and it’s not about rubber stamping, it’s about talking to each other, and trying to get the best possible outcome for everybody concerned” (Site manager).

“We’ve got a good relationship, quite friendly really…but I’ve worked with these people for a long time” (Call centre manager).

Indeed, the three representatives appeared to have complimentary personalities. One of the representatives was fairly quiet and enjoyed researching issues. Another was interested in how the credit card centre compared nationally, and enjoyed getting involved in national level union activities. The third representative was a very charismatic and confident character, and often took on the role of spokesperson at management meetings after being briefed on the details by the other two. Both management and local union representatives openly admitted that there has been
conflict and some very heated debates, but suggested that this was a normal part of a healthy partnership agreement, and was therefore to be expected:

“The relationship should be strong enough to withstand heated debates. Some people would probably be offended by it. But because you know the people as individuals you can do that” (Call Centre Manager).

The importance of getting to know people and build relationships was described as hard work, but was said to pay off. It was argued that there was a need to build relationships, and to understand the highly political nature of the partnership process and negotiations, and that each side is just playing their role. On the other hand, the Call Centre Manager also suggested that sometimes she suspected that the issues raised were the views of a vocal minority but not always the views of the centre as a whole, and that “they are not always very specific about the things they bring to the table”. She said there was a need to stop representatives bringing personal issues to the table.

Team managers were also positive about the union role, although it is worth noting that direct knowledge of the role of the local representatives was patchy. Nevertheless, all knew who the local representatives were and had heard indirectly information about their role, and the work they carry out with the centre management. At an immediate level though, they mainly viewed them as the advocates of employees on day-to-day individual issues such as discipline and grievance procedures:

“I think the union are there to ensure things are run fairly and effectively, not to catch management out. From my own experience of that situation, that’s how I find it” (Team manager).

“It’s another voice really, you need it for clarification on a lot things. I suppose it’s a secondary mechanism there if you want to resolve issues” (Team manager).

**Employees and union representatives**

It also appeared that the union representatives had a good relationship with employees, and most employees appeared to know who the representatives were. Employee understanding of the exact nature of the union representatives involvement and relationship with management was patchy, but most employees perceived the management-union relationship to be reasonably good, and were aware that such a relationship existed. Overall, most employee respondents
admitted they did not really know much about representative involvement in collective issues but rather took the view that “no news is good news” and “I wouldn’t pay £10 month if I didn’t think they were doing something”. Most employees agreed that the union representatives were well known and that there was a degree of trust in them doing a good job. The following quotes were typical:

“Everybody knows the union reps, they are all characters, you definitely know them!”

“They have their pictures up in the canteen”

“We don’t get to see what they do for us. We don’t know all the ins and outs. But you’d rather pay your funds because you think, if I didn’t what would happen?!”

“I guess there must be trust in there somewhere otherwise you’d withdraw”

“I’ve never had a personal issue but I know people who have gone to them, and they must do a lot behind the scenes. They are very active and do seem to play a part. And I think they are really approachable. I wouldn’t hesitate if I had a problem”

“I think they are a lot more approachable now. A few years ago you wouldn’t have had a clue who they were”

(Employee Focus Groups).

A union representative also believed that they had managed to establish some credibility with members over the last few years, suggesting they had received various compliments in relation to their achievements:

“The lassies and lads know we will fight like hell to do the best for the people. Even though they don’t know what’s going on they do trust us. I think it has to be somebody old in the tooth. It doesn’t bother us standing up in front of 30 kids and saying you WILL join the union. Newbie’s might not have that confidence” (Union representative).

This is an interesting finding, given than many employees had previously withdrawn from the union in the late 1990s because they believed they were being “sold down the river” by the trade union, and appears to suggest an increase in confidence and trust. Representatives stressed that one of their main tasks when they became accredited representatives, was to try and recruit many of the disaffected former members who had previously cancelled their subscriptions.

**Issues and decision making**

Given the context of poor organisational performance and poor industrial relations in the late 1990s, the North East centre has experienced significant organisational change over the five years preceding the fieldwork. A key objective was to explore
the way some of the key issues had been handled, and how various decisions have been made. These are discussed in this section. The section begins with a discussion of traditional union issues such as pay and working conditions and then explores some other issues specific to the company.

1. Pay and working conditions

As discussed earlier, pay had been one of the main sources of industrial relations conflict, culminating in the 1997 industrial action, when the bank introduced PRP as a replacement for traditional seniority based pay. For management, the negotiation of pay and conditions has improved under partnership, and a 3 year pay deals now agreed with the union three times. NatBank follows a market-rate based pay system, although this had to be changed as previously many staff already above market rate were receiving no pay rise, resulting in low morale. On the other hand, the highest pay rises were received by high performers below market rate. Now, all good performers on rates above market levels should receive pay increases. In practice this meant in 2004 60,000 staff received rises averaging 3.35%. Pay is now determined by a combination of position in market, pay grade and individual performance.

For the Employee Relations manager the nature of pay negotiations had improved significantly under partnership, suggesting it is one of the main benefits of partnership working:

“We have had 3 3 year pay deals (sic). The thing people are most interested in when they come to work is how much money they are going to be paid and how they are going to be paid. By working with the trade union we have been able to have at least 3 pay deals that have been agreed on and voted on by members of the union. And to my mind that’s a strong endorsement that staff buy-in to how we are going to pay them, their reward. From an employer perspective it gives us a level of clarity in terms of being able to plan for the future, so we are not constantly in pay negotiation mode. I’ve taken quite an open book approach in terms of what we an cant afford, and them having the opportunity to influence that at the start of our thinking on pay, means that they have the opportunity to gain things they not have had the opportunity to get if we’d come along and said well, it’s 2%, right across the board. They have been able to gain more influence by/through partnership than they might have otherwise done. And likewise we’ve been able to get a lot more planning done that we might have, if we hadn’t had partnership.” (Employee Relations manager)

Full time officials agreed that they “get very involved in the whole pay and reward”. The National Secretary boasted that the most recent NatBank pay deal was the envy of his union colleagues. As he explained:
“We discuss all terms and conditions. Pay. All terms and conditions. Equality and diversity. Pay, holidays. You name it. We don’t negotiate bonuses but we have an influence and a debate. Well factually we don’t negotiate bonuses (Union National Secretary).”

This was contrasted with pay negotiations pre-partnership:

“The bank would tell us about changes an hour before. It was all done and dusted… This is what we are offering and we ain’t moving. You can do what you like. Now we sit down and negotiate. Now we have a pay formula. PRP. Inflation plus a formula” (Union National Secretary).

Indeed, 9:1 members voted to accept a recent pay ballot, and this was cited by both the National Secretary and Employee Relations Manager as a positive endorsement of the successful negotiations under partnership.

One of the representatives had been involved at the national level pay talks the previous year, and suggested that it was a really good experience to see how it all works in reality. The representatives were overall positive regarding the pay rises under partnership, whereas pay had been a major issue of controversy before. As highlighted earlier, many employees who had stopped receiving pay rises because they were deemed to already have reached market rate had been leaving the union in the belief it was letting them down. As a representative explained, “before partnership we had strikes over pay. Because the talks weren’t as good” Members were beginning to leave the union because of poorly received pay deals. As one employee commented, “They [the union] decided then to settle with a pay package which meant that people like me got nothing. I walked away”. As the representatives confirmed:

“They’ve been here donkeys years like us and they came out because they didn’t get a pay rise for a few years because of the Union. The Union did sell us down the river and there is no hiding it, they did. About 5 years ago. Because I came out. (Before partnership). I cancelled as well. I thought I will get an extra £120 year because I’ll cancel my subs. And I did it” (Union representative).

“To be honest I’d actually left the Union because of the previous pay talks, because I didn’t get a pay rise” (Union representative).

“The pay rise…What happens, you get a benchmark, so they look at the marketplace for the average salary for the type of job we do. That it for every grade. You are in the middle. If you earn over that, you don’t get anything, if you are close you get a small rise, if you weren’t on it, you get a little bit, you know, if you are under you get a massive increase. I’m a top performer and all my figures are fine, but last year I got nothing at all. So you think, well I may as well sit on my arse and do nothing. Because I got nothing for it. Where’s the benefit for me!” (Union representative)
The representatives explained how this had made them absolutely determined to try and get a pay rise for all employees, and despite intense negotiations, this appears to have been successful:

The pay talks...because I’m long serving and didn’t get a pay rise last time, I went and sat on the board to make sure I get one this time (laughs). So people said well done, you got us a pay rise. This year we all got a pay rise. And it’s only through the union” (Union representative). We went away and everybody who was in the top bracket or the high bracket, or moderate gets a pay rise regardless of what salary they earn. The pot was divided. That took about four days of arguing with them all. Loads of arguing. They weren’t going to give in. The top people were at that meeting (Union representative).

Overall then, representatives clearly believed that under partnership pay negotiations have improved. However, they also suggested that it was still very difficult to ‘sell’ the success of the pay negotiations when union members do not know the detail of the actual negotiations, but only the final outcome. For example the final deal may be much greater than the bank was initially prepared to offer, but employees would be unaware of this, and may pass judgment based upon the level of the increase alone. This was quite different to traditional bargaining processes where collective bargaining worked as a useful rhetorical device in terms of demonstrating value to members.

This is clearly significant, as for most members, the key role of the union was the negotiation of pay. Indeed, when asked about the role of the union, even those with a minimal interest in union activity remarked, “I know that any pay deal goes through the union, and has to be sanctioned by the union, apart from that not much”. Fortunately for the union, there was a feeling that pay negotiations had improved under partnership, therefore satisfying both those at the lower and higher end of their bands, as the following quotes illustrate:

“I actually got a rise last year because I work at the top of the B3 salary anyway, I got a rise and it was my first rise in 4 years. And I think that was something, that had been pushed through the union that we’d get a minimum rise, and I thought last year, oh that’s a one off. About £25/month, at least I got a rise. Even if its...well it’ll pay the water rates. You just feel at least you are getting a rise. I hadn’t had one for about 4 years. I think that’s the union pushing that through.

“They changed all the pay structure didn’t they. A few years ago. To makes sure people like you on the top of their salary get a rise, but the people at the bottom get a bigger increase, its more of an incentive isn’t it. Because you get to situations where someone who is a new starter, at the same level, can be earning 1000s below someone who has been here a long time. They made it so if you do well, and achieve targets you’ll jump a lot quicker. Which pleased
me because I’m at the lower end of the scale, people at the top end, it didn’t please them, but from a personal point of view its a lot better” (Employee Focus Group)

This demonstrates the challenge the union faced in terms of managing the internal divisions between employees, when negotiations resulted in both ‘winners’ and ‘losers’. Other respondents acknowledged that with intense market competition, the union is in a difficult position and that on “things like pay and redundancies that their hands are tied”.

To conclude the pay negotiations – previously one of the main employment relations flashpoints throughout the late 1990s and early 2000s – were said by management, full-time officials and the union representatives as better under the partnership process. Between the union and the management there seemed to be a mutual acceptance that, on the one hand, employee pay was already competitive and the company could not afford massive rises, and on the other hand that no pay rise for several years is unfair and demoralising. Employees were generally pleased also, because they were receiving pay rises whereas prior to partnership many employees were not, leading to disillusionment with the union.

2. Discipline and grievance

The management of discipline and grievance was another key area of union involvement at NatBank. The Employee Relations Manager suggested that under partnership, they now have established jointly agreed procedures for managing discipline and grievance. It was proposed that this has created clarity for the organisation in terms of their expectations of employee conduct, but also provides clarity for the union in terms of raising claims against the organisation when they have reason to believe the process has been unfair.

The union representatives suggested that among young employees in particular disciplinaries were common regarding issues such as sickness, absence, time-keeping and underperformance. It was proposed that for many of these employees the union was viewed as a source of help should they end up in a discipline and grievance situation, and that they had managed to build up a good reputation as a source of help in such cases. Indeed, after successfully defending an employee in a
disciplinary hearing the representatives would commonly provide the member with a bundle of membership forms and ask them to find new members to demonstrate their appreciation of the union service! The representatives believed that their success at dealing with disciplinary hearings was a good form of word-of-mouth marketing, especially among the younger employees who may not otherwise have been interested in joining. It was argued that overall due process was being followed more often under partnership, and representatives believed that cases of arbitrary treatment had been declining, as line managers increasingly paid attention to formally agreed procedures. As a representative explained:

“I think it’s better, I think they think about the process more before they put people through disciplinaries. We don’t seem to be getting so many stupid ones now. We won every one for six months because they didn’t follow process, because they were silly. If you weren’t a union member you could have got the sack through that. Now it’s starting to hurt when you’re losing them, but you realise that’s the process and people do things wrong” (Union representative).

Nevertheless, assisting those in trouble especially among the younger members of staff had proved to be a double-edged sword. On the one hand, it had increased membership amongst a cohort of employees they have had difficulty persuading to join the union. On other hand, some managers believed this was a cynical and untenable approach. For example the Director of Customer Service was less convinced, arguing that unions should not be focusing their efforts on defending people with a poor attendance case but that, “they should be protecting the people who come in every day and carry the people who are consistently sick”. As he explained:

“The union will always come down on the side of the people who they feel are going to be subject to some form of management policy or procedure. And they’ll want to protect their interests rather than the interests of the corporation as a whole” (Director of Customer Service).

As the above comment illustrates, this has actually been double-edged as the union winning disciplinary cases had previously been a useful tool in demonstrating their effectiveness and aiding recruitment. However, it is clear that managers are unlikely to appreciate them re-inventing themselves as the advocates of underperformers. Equally, it is possible that some employees would also resent this situation if they shared the view that the union effectively ‘carried’ the weakest members of staff.
For line managers, direct interaction with representatives occurred primarily during the discipline process, and many viewed them positively as a useful party acting as a “checking mechanism to make sure people are dealt with fairly and consistently” and that due process was followed. Interestingly, line managers who had not been involved in such hearings appeared to have more limited direct interaction with the representatives or knowledge of the union. As one young team manager explained:

“I pretty much see them as people who come to disciplinaries to see you dot your I’s and cross your t’s…I don’t think we as team managers are made fully aware of the background. It would be something we would have to proactively find out as opposed to having to know about it as part of your role” (Team manager).

Other team managers would proactively seek out the representatives before a hearing to try and establish different sides to the story. Indeed, on the day of interview one of the representatives had found a mini-muffin on her desk from a line manager keen to get some advice on dealing with a problematic employee. Overall the general view was that processes had improved since partnership. As one representative commented, “they’d probably get rid of a lot of staff who wouldn’t lose their job if they had a rep and it was done properly through clear set procedures”. In addition, it was suggested that very few formal grievances are now raised by employees at the centre. This was also seen to be an achievement as at other credit card centres they are much more frequent.

3. Managing change

The third main issue concerns the management of change and in particular the implications of transforming a back office administration centre into a call centre. This required a change in culture, as management attempted to transform the centre from a cost centre into a profit centre, whereby it actually generates revenue streams as opposed to draining resources. Four related issues illustrate the management of change: outsourcing to India; regarding and flexible contracts; targets, and the sales/service split. These are now examined in turn.

i) Outsourcing to India

The main issue to affect the centre in recent years was agreed to be the off-shoring of several back office administrative functions to India. This had contributed to
various other employment relations issues. The site manager suggested that off-
shoring had undoubtedly resulted in fears regarding job security. This involved the
relocation of what she described as labour intensive “basic skill” jobs to India in
areas such as correspondence and ‘charge-backs’ i.e. when the buyer requests that
their card company claims back a payment from a merchant. The centre is also the
Operational Support Unit for Indian operations, meaning there is direct daily contact
between the centre and the offshore unit. The Head of Site suggested that this
meant “India was on everyone’s radar”. In practice this meant that employees who
would previously have been dealing with customers through written correspondence
or engaged in other non-customer facing clerical roles were offered roles as
television based customer agents. This was described by managers as a big cultural
change. “It’s quite a change in culture to put a headset on and answer the phone
call after call...a lot of the old school took very hard to that change”. It was
suggested that the union lost many members at the centre because of the off-shoring
issue, described by one representative as “an almighty cock up”. According to one
representative “people thought the union were pretty crap”. This was argued by the
representatives (who were not representatives at the time), to have been completely
“out-of-blue”, with minimal information provided to employees from management
or the union. Indeed, some contended that a few months prior to the official
announcement NatBank had actually forcefully attempted to quash any rumours that
off-shoring was imminent.

Employees suggested that the news of off-shoring was published on the internet
before NatBank had even made a formal announcement, and that “it was just a
major hoo-haa, we were all very worried”. Since the fallout of the off-shoring the
union and the Bank have signed a ‘globalisation agreement’, outlining various
commitments regarding off-shoring practices. The union lead negotiator has
described the agreement as “representing what can be achieved through an
atmosphere of partnership between unions and employers”. At the centre of the
agreement is a framework to avoid compulsory redundancies in the event of
offshoring. The agreement was signed following two months of negotiations
between senior management and union negotiators. They key provisions of the agreement are:

- Voluntary redundancy register across geographic regions
- Enhanced use of voluntary job matching
- Redeployment into alternative employment where a role is undertaken by a contractor or agency staff trial periods and no loss of redundancy option
- £2000 gross training support for external career retraining
- In-placement and outplacement support by consultants
- 3 months advanced notice plus 3 months displacement
- TUPE transfers and globalisation such as redundancy terms and pension provision
- International Labour Standards – freedom of association in international operations
- Rolling management information on job transfer possibilities

There is also the possibility of an industrial action ballot if compulsory redundancies arise. The union national secretary suggested that this meant the employer now has “hoops and barriers they need to jump across” to mitigate the worst excesses. The National Officer suggested that this is as much as the union probably can do by tying the bank into early consultation, extra provision around training and redeployment for staff who are affected. As he concluded “it doesn’t stop the off-shoring happening but it does protect the existing staff”. Without such an agreement he speculated that the union would not be consulted as early as they have been, and that the bank may only make minimal, cursory efforts at redeployment. As an official union policy announcement states:

“This agreement represents what can be achieved positively under our partnership agreement when the employers interests and the employees interests are potentially at opposite ends of the pole….the union has recognised the bank’s need to reshape the business in line with market changes; the bank has recognised the union’s need to protect the employability and job security of its members (Union Press Release, 2004).

To date nobody has lost their job as a result of the off-shoring programme; indeed according to the representatives they have many older members very interested in pursuing the attractive voluntary redundancy package should further job cuts arise. This was confirmed during employee interviewees. The national secretary argued that the Bank initially proposed 1000 job cuts and the union managed to reduce that to 225, and ensure a good severance scheme for the displaced, and that this represents a good measure of success.
Management suggest that the main difference under the new framework is that there is an agreed process for managing business change even if the union inevitably opposes such decisions. The Employee Relations Manager suggested that having an agreed process means that now such change is upfront with early union involvement, as well as union appreciation of competitive pressures and business rationale. In a similar vein the Director of Customer Service suggested a need to confront tough realities and that in the current climate there is no such thing as a ‘job for life’, and the priority should be treating people correctly if they are made redundant. He suggested that no organisation can currently offer a job-for-life and that this is true for senior executives as well as call agents. The national officials agreed that the union role is to mitigate the effects of such decisions through redeployment, training and earlier consultation. They believe with a non-partnership situation the bank may make less effort in managing redundancies or offer a less generous severance scheme. However, the full time official for the credit card business was decidedly sceptical regarding the agreement questioning “Will it [The Globalisation Agreement] stand up when the real outsourcing begins?”. In other words, while it may work while the off shoring is small scale, he doubted the effectiveness in dealing with large scale job losses. The representatives suggested, however, that a reality of the current climate is that the union cannot stop off shoring. Instead, they suggest a need to focus on ensuring employees affected get the very best possible deal either in terms of redundancy package or finding alternative employment and that they are treated fairly and with respect. As one union representative concluded, “What they’ve said to us is [that] jobs are going to India. It’s reality. But because we’ve got this[agreement] hopefully job losses won’t be that big”.

ii) Re-grading and flexible contracts
As the centre became a call centre as result of off-shoring, most employees were to take customer-facing telephony roles as “Customer Account Managers”. Moreover, management believed that as technology had developed, decisions were now more systems based and the job roles were to be re-evaluated to explore this.
The re-evaluation of job roles meant that call centre agents could potentially have ended up on a lower grade (known as grade B2 rather than the current B3).

The job evaluation concluded that the CAM role was more suited to grade B2. The management and union explored the various options and a decision was made to leave existing employees unaffected to avoid conflict. The call centre manager suggested that without the partnership process it may have been a fait accompli, with minimal consultation, seeking union input at a late stage if at all. As the Employee Relations Manager explained, without the extensive dialogue through the partnership process, a ‘logical’ business decision may “have been imposed from on high without much consideration”. Clearly, there was a business need to change.

Under partnership protocol, the final decision followed a long period of consultation and discussion about the potentially disastrous impact on morale. The final decision was therefore to leave existing staff on their B3 grade, but to recruit new hires on the new B2 grade which the management team believed better represented the market rate and reflected the demands of the job. This was described by the union representatives as an example of a “good win”, as it reflected a good compromise and a degree of success. They argued that the final decision did not benefit the business as much as they would perhaps have liked and neither did it satisfy the union fully, but ultimately they suggested it was the best outcome for both sides given the constraints. As the call centre manager concluded “it wasn’t a great shock, it was the most palatable option. They got their win really”.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Market Rate</th>
<th>Example Roles</th>
</tr>
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<tbody>
<tr>
<td>B1</td>
<td>£13,000</td>
<td>Cashier</td>
</tr>
<tr>
<td>B2 Standard</td>
<td>£15,000</td>
<td>Admin assistant, customer service assistant</td>
</tr>
<tr>
<td>B2 High</td>
<td>£15,000</td>
<td>Customer sales adviser</td>
</tr>
<tr>
<td>B3 Standard</td>
<td>£18,000</td>
<td>Office manager’s assistant, project assistant</td>
</tr>
<tr>
<td>B3 High</td>
<td>£19,000</td>
<td>Customer adviser</td>
</tr>
<tr>
<td>B3 Premium</td>
<td>£21,000</td>
<td>Branch manager</td>
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<tr>
<td>B4</td>
<td>£20,000</td>
<td>Analyst</td>
</tr>
<tr>
<td>B5</td>
<td>£28,000</td>
<td>Branch manager</td>
</tr>
<tr>
<td>B6</td>
<td>£40,000</td>
<td>Corporate manager</td>
</tr>
</tbody>
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Source: Internal documentation
Chapter 5

She added that by talking about the job evaluation from the start representatives understood exactly what was happening, and the rationale behind carrying out another job evaluation. As she explained:

“I talked to them [the representatives] from day one so they knew everything I was doing and it wasn’t a great shock to them, and I think it was the best approach to take. And they’re not stupid. They knew it was absolutely the right thing to do” (Call centre manager).

She contrasted this with the general approach before partnership:

“Previously we would have done that 100% behind closed doors. It would have just been delivered. A fait accompli just dropped on them. I have been involved in things before where it was absolutely cloak-and-dagger behind closed doors”. (Call centre manager).

For the union representatives, the compromise was the best approach for both sides:

“Although it’s not ideal, it’s not benefiting the business as much as they would like to have from a money perspective. It made everybody happy. They knew the score” (Union representative).

This demonstrates a clear difference in terms of process between pre-partnership and post-partnership decision-making in terms of the level of engagement, and the fact that representatives were involved from an early stage.

A second issue concerns the introduction of new contracts. The issue concerned the introduction of a new flexible contract to replace the traditional 9-5 contract existing staff had. From a business perspective, it was believed to be important to be able to deal with customer enquiries in the evening rather than just during office hours, as is the case with many customer service operations. For many long-serving employees the new contract was seen to represent a significant diminution in their terms and conditions. For example, the new contracts pay a lower premium for weekend working and variable shift patterns. Of course, the business environment has changed considerably since the 9-5 contracts were first issued and was completely counter to the cultural traditions of the credit card centre. Again it was eventually decided to keep existing staff on these contracts to avoid the potentially negative impact on morale. New bank employees, are of course, recruited on the basis of the new flexible contract. A team manager speculated that the decision not to change the grade was probably a business compromise:

“I would say the existing CAMs remaining at B3, I would have said that was a business compromise. I don’t know for sure, but I’d have said that if there was no union, we’d probably have all our CAMS now as B2 or B2 High. I certainly think the business compromises with the union” (Team manager).
Management suggested, however, that without discussions with the union providing an insight into how potentially damaging this could prove in terms of employee morale and attrition the decision may simply have been imposed. As the Employee Relations Manager explained:

If we hadn't had that ongoing dialogue with the Union, there is no doubt we would have imposed something from on high, would have pissed a load of people off, would have moved our attrition rates up, and would have cost us longer, cost us more in the long term. Because people would have left, and we would have had to recruit people, and trained them, and invested in them, and so on. We had people stay on those contracts, keep them happy and working. And not made radical changes when we didn't need to (Employee Relations Manager).

Representatives also suggested that the new flexible contract was to offer no weekend or bank holiday shift premia and this was opposed by the union. They managed to negotiate a 25% premium:

“So we opposed that totally, and got them 25%. And that was a big win. Because management came in and said there was no way they were going to budge. So we got 25%. Even thought it was still crap it’s better than nothing. Nothing like what we get, but times have changed, and they need to change. That was a good one” (Union Representative).

Clearly, then the approach appeared to have enabled management to take a more holistic view of the situation, and to look at the impact of decisions on a longer timeframe.

**iii) Targets**

Another topical issue concerned targets. The representatives argued that the targets were too stretching and a controversial issue was the proposed reduction of ‘not ready’ time between calls from 20 seconds to 15 seconds. As a representative stated “these are people we are dealing with, they are not battery chickens”. It was argued that this was leading to low morale as a result of constant flow of calls, and little time for social interaction. At the time of the research the issue appeared to have reached stalemate and was due to be escalated to a formal business consultation meeting with the senior management and full-time union officials. The site manager suggested that throughout the change programme there had been regular meetings with the local representatives and full-time union officials. The call centre manager argued that the way targets were to be set had been agreed in consultation with the union, but that the actual quantitative targets remain at the discretion of management depending upon business change and employee
performance. She contended that the targets were achievable for most employees – and that many advisers were already achieving them - and that the representatives would need to build a more convincing case to oppose the issue.

The Employee Relations Manager suggested that most of the issues regarding targets could be attributed to a lack of communication, as to why the targets were being raised and why the management team believed they were achievable. He proposed that “Businesses make big errors where they just impose things on people - and then they wonder why people get pissed off”. This view was echoed by the Customer Service Director who argued that the targets were achievable, and most people were meeting them, and the business was not catering for a minority of low underperforming employees. Again, this raises the concern of unions which are perceived to be defending the lowest performing members of the organisation. His view was that employees need to stretched if the company is to achieve its goals:

“The Bank needs to raise targets to become a top 5 world bank. It’s not achievable via mediocrity. People don’t come to work to bugger about and have a chat and go home. Sorry we don’t have jobs like that” (Customer Service Director).

The credit card division FTO was less impressed arguing that “they don’t give a damn provided they produce profits...they are taking the piss”. At the time of the research this issue was still unresolved.

iv) Sales and Service Split

In light of intense competition in the credit card market, NatBank has been keen to make the organisation much more sales-oriented, encouraging employees to cross-sell a range of products and services on even the most routine calls and queries. The IT systems are designed to advise employees if a caller is a good prospect for additional services, and prompts them with product offerings such as insurance. The call centre manager explained that there was a need to change the call centre culture to become more of an income centre generating new leads, as opposed to a service centre merely reactively servicing customers problems. However, the response to this change towards a more intense sales culture was not positive, with many customer advisers uncomfortable working with the new pressure to sell on even the most routine calls. Many staff actually left the organisation as a result.
Again, this was a culture shock for many of the long-serving employees, who were therefore extremely resistant to change. Eventually, it was decided after long consultation with the union that all customer advisers would not be forced to sell, but that those adopting a sales and service role would be receive greater rewards. As one manager commented:

“For a long time, because we hadn't thought of it quite frankly, we resisted the unions call for splitting the sales and service. And then - low and behold - there's nothing so zealous as a recent convert, we suddenly ‘came up’ with the idea. Oh, wouldn't it be good to split sales and service. And the union said we told you so. It another good example of where we have worked together” (Employee Relations Manager).

He argued again that the consultation process meant there was a greater understanding of the day-to-day dynamics of call centre work, and the views of grassroots employees rather than just a pure technical model. The Director of Customer Service was less sympathetic, and less supportive of the final decision arguing that “employees should want to sell, sales is the best job protection scheme there is. They should be bloody glad we as a business are trying sell”.

For the union representatives this was another example of successful consultation exercise. They argued that there is a need to be a certain type of person to be good at sales and many long-serving employees had no experience in sales, and the found sales roles too stressful. The Employee Relations Manager echoed this view.

“It’s a bit of a double win really. The people who like to sell get the best people to sell to…and the people who don’t want to sell don’t. So it worked out really well because everybody got their first choice” (Call centre manager).

Yet this had created a new problem. Employees generally agreed that the final decision was good, but there was evidence to suggest that customer service advisers now feel that they are “second-class citizens”, and that “sales get everything”, and “all that matters is sales”. There was also the feeling amongst employees that when the new job roles were announced there was limited information about the exact requirements of the job roles. For the Director of Customer Service this was “tough”; he argued that service advisers will need to accept that sales advisors will get greater rewards because they are doing a harder job and contributing more to the business. He suggested that if the decision had been up to him people who did not want to sell could have left to find alternative employment with organisations where
selling is not important, and appeared to consider the final decision to be suboptimal.

Line managers were pragmatic, proposing that they key issue is ensuring employees understand the business rationale for the sales culture, and the need to maintain market share and the need to remain competitive and continually improve. Again, for the trade union it raises the problem of protecting – or being perceived to be protecting – the lowest performing employees in the organisation. Nevertheless, it highlights how partnership facilitated discussions around the business rationale, and identified potential flaws and pitfalls based upon the particular culture and historical context of the credit card centre.

**Outcomes**

To summarise, there was clear evidence of several benefits compared to the pre-partnership days at the North East administration centre. These include the influence and regulation of decision making, improved employment relations locally, and increased union legitimacy.

1. **Influence and regulation of decision-making**

One of the key benefits concerns the influence and regulation of decision making. Management suggested that when the representatives challenge proposals it can be constructive, as it means pre-emptive changes may be made, avoiding unnecessary ‘kickback’ from the workforce, leading to the greater legitimacy and acceptance of decisions. As one manager explained:

“I might have an idea, and I might think it’s appropriate but the union may say ‘hmm, this has been an issue elsewhere’, and I can then use their intelligence and they can also use mine. So you get both sides of the story early on, and can actually come up with something better…I guess it’s common sense really” (Site Manager).

This was echoed by a union representative who explained how “They can come to us and get our feedback on anything they’ve got. And we can say no that won’t
work. Or brilliant get that it in”. The call centre manager argued that the union do have an influence and that on certain issues they would now carefully weigh up the potential cost and benefits of a particular business decision, and consider whether it is actually “worth the hassle” from an employment relations perspective, and have sometimes decided “don’t start things that you can’t finish”. As she reflected:

“The union are a great mechanism… there to make you stop and think. Are we being fair? Is it reasonable? Is it even legal? Is it right for the people? So we’ve been through the thought process and by the time we make the decision we are absolutely convinced it’s the right thing to do” (Call centre manager).

Similarly, the Employee Relations manager suggested the partnership framework resulted in more thorough decisions which had been considered in great detail, and evaluated from a colleague (employee) as well as a pure business perspective, and in particular encourage a longer term perspective than may have otherwise been the case. Similarly, the site manager proposed that decisions were now better received because many issues had been ‘ironed out’ before they went wrong. She described the approach as one of mutual understanding as opposed to agreeing, in attempts to try and balance dual priorities of business success and sustainable jobs. The accommodation of countervailing pressures is illustrated well by the way issues such as re-grading and flexible contracts have been handled.

However, as the National Secretary reflected “I’m not sure whether we are involved in decision-making as such, but there is high level consultation, and we do have influence on changing decisions”. Encouraging news for the union is that their influence was also perceived by employees as the following quotes illustrate:

“The Bank don’t seem to go as far as the could sometimes. They seem to show some respect for their employees”

“Every employees’ dream is to have some say in what the company does, and we believe we do get asked our opinion. It’ll always be what is best for the business, and we’ll find out what the balance will be. It might not suit everyone, but at least we have been asked”

“It could have chosen to scrap everything and start again. Those contracts don’t exist anymore. You need to sign new ones. But it doesn’t choose to do that. It chooses to leave those people on those contracts, and let things change slowly through time. They won’t issue those contracts now. The demands of the business and customer have changed. But they don’t choose to do that”

(Employee Focus Groups)
Not everyone was convinced however. The credit card division full time official remained philosophically opposed to the idea that the union should be trying to balance business and employee interests. As he remarked:

“Our role is to represent our members and to improve our members lives while they are at work. And that’s it full stop…our role is not to improve profits. I am not there to help shareholders. I am there to help my members. And if that means less profits, tough. I’m responsible to my members only, not shareholders!” (FTO).

However, the more moderate view expressed by the Employee Relations Manager was more typical of most managerial respondents:

“Imposing changes often causes disgruntlement, it can slow things down particularly, it can mean morale goes through the floor, because something has been imposed rather than introduced with people. Having the union in at early doors having them work with us keeps the ER climate quiet and it means we can facilitate change quicker than we could without partnership” (Employee Relations Manager).

The Site Manager argued that the union adds value if both parties engage upfront, allowing management to benefit from the intelligence of representatives and union officials and their feedback. She argued that by engaging in discussion early there is additional brainpower, sharing of different experiences and perceptions, and more ownership and buy-in to the final decision:

“We go to the union and say that we are looking at doing X, they might say well fine, but have you thought about this, because if you go forward with X this might be an issue. We can come up with a better compromise. By working together I hope that 9 times out of 10 I hope that it’ll actually be better received because we’ve considered all options, and we haven’t just consider it from the business point of view, we’ve very much considered it from the colleague aspect as well” (Site Manager).

Similar sentiments were expressed by the call centre manager, who admitted that the partnership process can often be hard work, but that better outcomes do result:

“If you didn’t have the Union to jump in and say hang on sometimes, you would just jump in and make dictatorial decisions with no idea of the impact. Create so much disruption and it’s too late to do anything about it because you’ve already done it!” (Call centre manager).

“I really value the relationship. It can be a pain sometimes don’t get me wrong. But they put the other side and that’s what they are there for. It’s a useful process to go through” (Call centre manager).

The local union representatives were also positive, suggesting that they had an important role in trying to ensure decisions are as fair as possible:

“I think its very effective. It’d worry me if we lost it. I think we need somebody to keep it going and to keep management thinking “we cant do that” because of them. I think our roles are a bit like the police. To make sure they treat people fairly. We are here for that”. (Union representative).

“If we weren’t here they’d have walked all over us by now” (Union representative).
2. Improved employment relations locally

In this particular case, therefore, partnership appeared to be operating at multiple levels. Management and union representatives agreed that another benefit of partnership was more local decision making. Representatives explained how, "We iron a lot out locally that management have a quieter life because of partnership. It was suggested that the formal escalation process is used infrequently by the North East centre. Moreover, there was evidence to suggest that the union representatives were well informed and aware of business issues. The full time official for the credit card division suggested that creating a capable and well-trained cadre of local union representative was a priority for him. The only restriction is that local representatives are not allowed to agree any formal changes to terms and conditions without the involvement of the credit card business full-time official.

It was also suggested that before partnership employees were less likely to speak out because they did not want to be perceived to be being negative or being a "trouble-causer". There is now less hierarchy following a restructuring of the management team, and the use of first name terms was thought to be symbolic of a more approachable management team. This was contrasted with the traditional staid banking culture. There was also evidence of significant respect for the charismatic Head of Site as she was a long serving employee who began her career in clerical work at the centre, but had steadily risen through the ranks into management. It was suggested that employees now know who the management team are, whereas previously this was not the case. Managers share the open plan office space as opposed to traditional private offices. Line managers agreed that generally NatBank is "just a better place to work than it was before", and the change in management style was also acknowledged by employees:

“When I first started the management was the man at the end of the corridor. You saw him once every 3 months because you had an appraisal, and you put your best clothes on. But he didn’t have a clue who you were. Now you see the managers walking around the building and they give you the impression that they are more approachable” (Employee Focus Group).

3. Union legitimacy

The third main outcome is increased union legitimacy. It was suggested that before partnership the representatives had very little facilities or resources, and that much
of the work was expected to be undertaken at home. This had led to difficulties finding volunteers to fill the representative vacancies, meaning for periods of time the centre was completely without union representation. Prior to partnership the role of a representative was described by a full-time union official as a passive “letterbox rather than an activist”. As one representative remarked “Nobody wanted to be a rep before partnership....it was a hassle and a lot of work”. Since partnership, credible and active representative roles have been created, and at the time of the research all union committee positions were filled, and there was evidence of improved workplace organisation. The representatives are now allowed to hold a recruitment day in the staff canteen every three months. They have a stand with an abundance of leaflets, photos, promotional materials and information on how to contact them for advice. They are also given 15 minutes during induction sessions to promote the union to new recruits, as well as the ability to post information on the staff intranet. Representatives were also happy with other arrangements such as access to private meeting rooms, internet use, and ad hoc time off for union business above the allocated slots. The union representatives also recently won a union award as a result of the success of their recruitment campaigns.

One of the representatives was so enthusiastic about her new role that she had successfully applied for a Seconded Representative role. This involves a two year secondment to work full-time for the union at a regional level, representing members, dealing with enquiries and casework and supporting the union representatives. The centre also has one union learning representative responsible for helping members find learning and development opportunities both inside and outside the workplace. The National Officer cited the competent union representatives as evidence of success.

Another theme which frequently arose was the provision of information at an early stage as opposed to after a decision had already been made as the following quotes illustrate:

“ We engage early on…they [the reps] have an input at the design stage” (Call centre manager)
“We know a lot about issues…displacements, job losses, knocking down walls…we know a lot longer, months before it happens” (Union representative)

“They virtually run everything past us and ask for our feedback” (Union representative).

Indeed, one representative suggested that by the time the Site Manager formally announced a decision to her she had often heard months before from other sources. When asked if there were times when union representatives would not be involved the call centre manager remarked: “Even if its things they won’t have influence over we still tell them in advance and get their feedback. Nothing is absolutely set in stone and rigid”. The representatives also agreed that on balance they know well in advance of upcoming issues, typically “a long time before things happen”.

Challenges

Despite the advantages of partnership some challenges remained. The main challenges included: understanding of the meaning of partnership, embedding a partnership culture, communication, representative efficacy and resistance to adversity. These are now discussed in turn.

1. Shared understanding of the meaning of partnership

This concerns actor understandings of the meaning of partnership, and in particular what it means in terms of working relationships and decision-making. There was a feeling that sometimes the partnership becomes “woolly”, and that this could result in confusion and unnecessary tensions.

“It gets a bit muddy really…they [the reps] think its they’re role to agree…it’s not their role to agree…it’s they’re role for me to show them how we arrived at it [decisions], and so they know the rationale, but they don’t have to agree with everything” (Contact centre manager)

It was made clear by senior management and union figures that partnership did not mean joint decision making, or that the union had to ‘sign-off’ all proposals. Rather, the key components of partnership were consultation at the design change, an explanation of rationale, and an opportunity for the union to comment, question and propose alternatives. Another central component was that both sides agreed to consider both the business and employee point of view when making business
decisions, but ultimately the final decision lay with management. It was suggested that some representatives within the business remained dissatisfied with this approach, preferring traditional bargaining over consultation which they believed to be ‘second best’. This was certainly the view of the credit card division full time official who criticised partnership on the grounds that it did not deliver any real power, and was also said to be the general feeling at the Liverpool centre which has a history of highly antagonistic employment relations. For the FTO of the credit card business, however, partnership means “that the union is in danger of becoming an adjunct of the Employee Relations Department...we don’t challenge enough”. Despite these criticisms, the comments from management and union representatives at the North East centre were generally sanguine, although representatives believed that partnership did benefit the Bank more commenting how, “It’s good, it does work, but I still think it works for the Bank more”. However, they took a pragmatic point of view that, in relative terms, things were now significantly better than they had been prior to partnership. In other words, the adversarial strategies of the 1990s appeared to have been ineffectual during a period of business crisis. The call centre manager echoed this positive assessment suggesting that “I would hate to go back to a position where we locked horns with the unions all the time...I’d far rather work with them and I hope they’d say the same” (Call centre manager).

2. Embedding a partnership culture

Embedding a partnership culture throughout the entire organisation was another challenge, especially at the middle management level. In this particular case relationships appeared to be strongest at a senior level between the senior management and union officials, as well as locally between the local management team and representatives. However, the main manifestation of tension was at the line manager level. The credit card division FTO suggested that often local issues escalate because “management start to play hard and fast with the rules” and take short cuts, despite the formal procedures and processes in place. He argued that line managers are under pressure to deliver profits and when things are tough “the first thing to go out of the window is proper negotiation or consultation”.
The union National Officer agreed that managers either forget or are sometimes not aware of agreed process, and implement local decisions without due consideration of the consultation procedures. It was also suggested that some more old-fashioned managers still resent having to consult with union representatives about decisions. He proposed that many older managers who grew up in the bank when the union was kept very much at arms length may find it difficult to change their traditional mindset. Line managers also appeared to occupy a space outwith the partnership system, which focused on relationships between more senior managers and representatives. Patchy relationships with middle managers were also highlighted by union representatives:

“Some team managers are fine. Take on board what you say and sort things out. Other team managers couldn’t give a shit, want to make a name for themselves, want to go up the ladder and are pure bastards” (Union Representative).

In addition to getting the buy-in of middle managers, another challenge was engaging employees. There was a feeling that many employees have little knowledge or interest in the union. Of course a diversity of views is not surprising. As the Employee Relations manager suggested, in any organisation three camps typically exist: the pro-union, the anti-union and the neutral/agnostics. As a team manager stated, non-members often think they will not need it until it is too late:

“I still think there is some apathy amongst people towards the union. What can they do for me? They won’t do anything? It’s like a life preserver on a boat. You don’t’ need them until the boat starts to sink. And then they think, oh, where is my life preserver?!?” (Team manager).

Yet employee attitudes towards trade unions generally were positive, and the quote below was fairly typical:

“I think what they do is ensure there is a degree of fairness. If a company makes a change in policy whether it be to type of contract, hours you work, health and safety – just ensuring fairness. They will certainly fight your corner in that respect and do it well” (Employee Focus Group).

Although as mentioned earlier some employees did have trust in the union to work effectively behind the scenes, other employees were unconvinced, and demonstrating their effectiveness presented another challenge to the union:

“I personally don’t think they are a lot of help to us”

“I think the unions are in a difficult position. Not just here but at other companies as well. This is what it’s going to be, end of story. No more discussions and that’s it. In lot’s of companies the unions have their hands tied. They have nowhere to go”
“The only thing I hear from the union is vote for this and vote for that in the mail”.

(Employee Focus Groups)

3. Communication

Another component of partnership was the idea that there should be ‘no surprises’. It was agreed that one of the main barriers to the partnership process was the communication with staff which one union representative described as “simply atrocious”, an issue that also recurs in the annual staff attitude surveys. 52% of employees in the credit card business were satisfied with communication in 2004 staff survey, although this was up form 50% in 2003. Nevertheless, this was still lower than the NatBank Group average of 58% in 2004 (Internal document). Documentation reveals, however, that issues of improving communication have been an explicit strategy throughout the NatBank Group in recent years. This was especially true in the call centre environment where the work environment was described as an impediment to good communication. It was felt that since the call centre workers are on the telephone for most of their day, they simply do not have time to read or digest the frequent information bulletins provided. Attempts had been made to address the issue through ‘buzz’ team brief sessions between customer advisers and team managers, but these were often irregular or cancelled due to fluctuations in call volumes. Yet the representatives also joked that often they still find things out ‘from the floor’ or ‘in the smoking shelter’.

Managers acknowledged that communication was a major problem, and that although downward cascades of information were plentiful there were significant issues getting feedback from the floor. Much of the communication relied upon the use of paper ‘desk-drops’ and notices on the electronic bulletin boards. This was attributed to the 24-hour environment, diverse shift patterns and the fact that customer service agents are on calls for most of the day making face-to-face interaction very difficult. As the call centre manager summed up “it makes two-way communication a bloody nightmare”, and arguably therefore even more important. Employees also raised the issue suggesting that to a great extent the work environment inhibited communication, and that time set for communication sessions
was often cancelled. Many expressed frustration regarding the fact that even when communications were available they had no time to read memos and emails, or to browse the intranet. This suggests that good communication is both more difficult yet even more necessary in the call centre environment.

4. Representative efficacy

There was also the worry by the union representatives that they were sometimes perceived to be ‘in the Bank’s pocket’, as staff were sometimes unaware of union achievements, and representatives were bound by strict embargoes on information. This was compounded by the fact that Bank and the union release joint statements stating that “The Bank and the Union have agreed...” leaving members unaware of the starting point, how successful or heated negotiations were, or whether a compromise was reached. The representatives stressed that there was a need for a great deal of trust from members that they were actively involved on their behalf and not management poodles. There was a feeling that the representatives were sometimes unable to advertise their success and that this was particularly true of significant collective successes. One representative suggested how she would ideally like to create a document listing their achievements but suggested that it would not be possible as it would be seen to be against ‘the spirit of partnership’. As she explained, “You don’t want to advertise everything because you don’t want to step on their toes really”. There was a perception that advertising successes under traditional bargaining would be a lot easier. However, they suggested that small individual successes (e.g. discipline and grievance cases) were often spread through word-of-mouth. The representatives accepted that generally employees have a limited knowledge especially vis-à-vis collective issues. For example, it was suggested that employees may think a 3% pay rise is bad, but the starting point could have been no pay rise at all, yet employees feel they have been “sold down the river”. As one representative remarked, “Members need to trust us to fight for them even if they don’t know exactly what’s going on”.

Nevertheless, the site manager proposed that the representatives are very credible suggesting that, “the reps here are very credible...I think they’re good at promoting
what they do and I think their people know when they've intervened, and when we've had discussions and maybe changed something”. The call centre manager, however, acknowledged that sometimes it may be difficult for the representatives, because if members perceived that the role of the representative is to agree everything, they will inevitably be “attacked” if the final decision is unpopular. The Site Manager admitted that some employees may view partnership as a ‘cop-out’. The Employee Relations Manager proposed that unions “need to re-assess their very member proposition”, suggesting that whereas militancy afforded unions a high degree of visibility to members, partnership relationships are significantly more low key making it more difficult to explicitly demonstrate influence to members. While some members took the view that no news was good news, on the other hand, no news meant no credit for the union. This was echoed by a National Officer, who suggested that unions need to go through a ‘watershed’ to address the new realities of work, in the style of the reincarnation of the Labour Party. In other words, just as the Labour party had to reinvent themselves to win business confidence, the unions may need to follow a similar strategy if they are to achieve employer support.

5. Resistance to adversity

Another concern was the sustainability of partnership over time. The credit card division National officer proposed a key challenge could be if economic times are much harder and the Bank has to make very tough decisions arguing that “A major announcement e.g. closure of a centre or takeover could tear it to pieces very quickly”. He argued that though mitigation of the worst effects had occurred during initial small scale off-shoring, how sustainable is this way of working if the bank decides to offshore on a much larger scale. Other management and union respondents also queried how sustainable the partnership is if ‘champions’ left the organisation or if there was a shift in government policy. Despite the challenges outlined above, the sanguine view of the Employee Relations Manager was typical of most management and union respondents:

“Don’t get me wrong, there are still massive challenges. But what partnership gives us is a framework to address those challenges. And if for no other reason than that, that’s a good enough reason for it to continue” (Employee Relations Manager).
Finally, employee views were also positive, with the majority expressing support for more co-operative employment relations, and few expressing a desire for a more traditional adversarial relationship between the company and the union.

**Conclusions**

This chapter has presented the findings of the first case study conducted at NatBank. Contextually, it is proposed that the partnership is interesting for several reasons. Firstly, NatBank have a long history of working with trade unions. Though employment relations were thought to have been historically stable, intense market pressure and attempts to reconfigure the business resulted in a long period of industrial relations conflict in the 1990s. In addition, the business also experienced a diminution in City and shareholder confidence, who expressed doubts about the leadership of the organisation. In the late 1990s the business changed Chief Executive three times, and national industrial action also threatened to damage the reputation of the bank even further. The new Chief Executive therefore had the dual role of restoring investor confidence, and improving the poor employment relations. Inspired by the partnership model being promoted by the government as well as organisation such as the TUC, IPA and Acas, a formal partnership agreement was signed in 2000. The founding principles included joint commitments to the success of the bank, employees, customers and shareholders. Employees were to be treated fairly but equally, the union committed to the principles of business flexibility and the need for organisational change. The approach was summed up as one of joint problem solving.

In contrast to the frosty times of the 1990s relationships between senior management and union officials, as well as between local management and local representative appeared to be very good. The main challenge was changing the attitudes of line managers who were loathe to work with the union, as well as restoring employee interest and support for the union. Indeed, in the late 1990s many employees cancelled their memberships. Local representatives, who were
previously described as ‘letterboxes’ rather than activists were now involved in issues including pay and conditions, discipline and grievance and organisational change. Before partnership, representative roles at the North East centre were often vacant; now they have a highly enthusiastic team. They acknowledged that their role concerned persuading, challenging and questioning rather than simply opposing. For them, the key issue was devising a strong case to convince management on the basis of both employee impact and business rationale. The examples of re-grading, flexible contracts and the sales/service split all illustrate that they did appear to have an impact. A counter argument may be however be posed: does partnership lead to suboptimal decisions from a business perspective? The evidence from this case suggests that the ‘optimal’ short-term business decision may actually be suboptimal in the medium term. Imposing the pressure on all employees to sell created inefficiencies in that staff turnover increased significantly. Or put differently what was ostensibly the most efficient decision was often not efficient, because of other interfering variables. Though less quantifiable, the ‘optimal’ business decision to downgrade staff and change their contracts may have had such a detrimental impact on the quality of employment relations, potentially outweighing the proposed financial savings.

Through the process of partnership, benefits included the regulation of decision making, increased union legitimacy and better employment relations. Management benefited from the union input regarding negative consequences of decisions, and the union benefited from the opportunity to comment and question. The union has also benefited in terms of legitimacy and revived weak trade union organisation. Most management and union figures agreed that the hostile relationship which characterised the 1990s was ineffectual from both a union and management point of view. Lastly, from an employee point of view there also appear to have been improvements. Employee comments were generally positive, an important finding given the significant changes which have occurred within the bank in recent years.

Naturally, challenges remain. There is still some disagreement about what partnership actually means. The partnership culture is not embedded across all
levels and especially in relation to line managers and work teams. Representatives have a tough job demonstrating their effectiveness to members as a result of a more low key approach. Communication is also problematic and is exacerbated by the nature of the jobs. Finally, it is difficult to assess how the partnership framework will cope with future business challenges, or the impact key champions leaving the organisation could have. Nevertheless, it seems reasonable to conclude that within the context of the NatBank North East centre, a partnership approach appears to be fairly well rooted, and has demonstrated a reasonable degree of success, and delivered a variety of benefits to actors.
Case study 2 – BuSoc
Chapter 6: Case Study 2 – BuSoc

Introduction

This chapter presents the second case study undertaken at the BuSoc administration centre in the Midlands of England. The chapter begins with an introduction to the case organisation and to the site under study. A brief background to the evolution of employment relations and the partnership structures at BuSoc is then provided. This is followed by a discussion of the meaning of partnership in this context. The chapter then explores the process of partnership in detail by firstly examining the nature of the relationships forged between the key actors. Secondly, recent and issues and decisions within the organisation, including pay and conditions and discipline and grievance processes, are examined. The chapter concludes with an evaluation of the BuSoc partnership, and discusses some of the main benefits and gains, as well as the challenges to partnership at BuSoc.

Company profile

BuSoc is a major British building society providing mortgages, loans, savings accounts and insurance products. The current organisation is the result of a series of mergers between many regional and national building societies, and historically, the roots of the society can be traced to the 1850s. Building societies developed in response to the population migrations of the Industrial Revolution when workers began to form societies, in order to save for land and materials to build houses of their own. Each member would make a regular contribution until all members’ houses had been built, after which the temporary society would be closed. In the late 19th century the number of these societies expanded rapidly, and many became permanent loans and savings institutions, paying interest to savers and charging interest to borrowers. The most significant merger was in the late 1980s when the
society merged with a major competitor. The business press suggests that the society experienced a lack of focus and high complaints following the merger, and struggled to bring the two organisations together. BuSoc’s problems were exacerbated by arrears problems as a result of early 1990s recession, a downturn in the housing market and a significant rise in bad debt. Economically, a combination of low output, high unemployment and high inflation posed a significant challenge to the society, and public relations at this time were very poor. Since these crisis years, BuSoc appears to have had some success in reinvigorating the business. In 2006, BuSoc’s assets reached a record £120bn with pre-tax profits exceeding £500 million. This gives BuSoc a position within the largest UK financial service organisations, and within the top three in terms of mortgage lending. They currently have over 10 million customers (members). Though the society entered into the provision of personal banking services, following the deregulation of the market in the 1980s the primary business remains residential mortgage lending to individuals. The organisation has received various awards as an ‘Employer of Choice’, ‘Top 100 Company to Work For’ and ‘Investor in People Champion’, and has developed a reputation as a good employer. It also retains a commitment to its mutual status and has used the fact that it continues to be owned by members to give it a distinctive marketing edge compared to the ‘profit-driven’ high street banks and converted building societies. The society claims that mutuality allows both a more customer and employee-focused approach, due to the absence of stock market pressure. Indeed, BuSoc is proud of its position as ‘consumer champion’, and can often be found campaigning against unfair charges or confusing marketing. Mutuality has become a major part of the ethos especially since many other former building societies have converted to plc status, as the corporate presentation summarised in Table 6.1 demonstrates.
### Table 6.1

<table>
<thead>
<tr>
<th>BuSoc (and other building societies)</th>
<th>Most high street banks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mutual status:</strong> owned by members.</td>
<td><strong>Public limited company (plc) status:</strong> owned by shareholders.</td>
</tr>
<tr>
<td>Run in the interests of people who have bought the Society's products, that is, members and customers.</td>
<td>Plcs must listen to their shareholders (as well as to their customers).</td>
</tr>
<tr>
<td>Profits are returned to members in the form of better rates and lower fees and charges. Does not pay dividends to shareholders.</td>
<td>Some profits are returned to shareholders in the form of dividends.</td>
</tr>
<tr>
<td>One member, one vote. Members are encouraged to have a say in the running of the business, including voting at the AGM. Did you vote this year?</td>
<td>Larger shareholders tend to have more influence. Shareholders have voting rights, depending on how the company is incorporated.</td>
</tr>
</tbody>
</table>

Source: BuSoc corporate presentation

At a corporate presentation the Employee Relations Director described the BuSoc approach as demonstrating “a sense of corporate responsibility and sense of decency in a crowded marketplace”. The official BuSoc vision outlined below, promotes a commitment to customers, employees, partners and the communities in which they operate.

- financial success by continuing to give our members great value
- encouraging and supporting our employees to fulfil their potential
- working to have a positive impact on the communities we serve, and on wider society
- improving our environmental performance and reducing our negative environmental impacts
- working closely with our partners to operate effectively and deliver value to our members

### The case site: Midlands Administration Centre

The organisation has 16,000 employees in the UK across 700 branches and two large administration centres. As a result of a merger in the late 1980s, BuSoc has two main administration centres because the two companies decided to retain their respective headquarter buildings. One of the merged organisations had its roots in the co-operative movements of London, but relocated its head office to new offices.
on the M4 corridor in the 1970s. The other merged organisation is associated with a large East Midlands town. The bulk of the research was conducted at the secondary administration centre in this town, with a population of around 200,000.

Traditional employers in the area include brewing and engineering, although current growth industries include financial/customer services, communication, transport and logistics, and creative industries. The area is also known as a ‘high tech cluster’ because of its proximity to an important belt of technology industries. Despite the collapse of the traditional footwear industry, as part of a wider decline of manufacturing employment, proximity to London and the West Midlands have helped the local economy remain reasonably buoyant. Unemployment is slightly below the national average at just over 3%. Main industries of employment include manufacturing (17%), wholesale and retail (19%), and transport storage, and communications (8%). Employment in financial intermediation is also important at almost 7%, over twice the average for the East Midlands region, and also above the average for England as a whole. The data is summarised in Table 6.2.
### Table 6.2

Industry of employment (aged 16-74 in employment)

<table>
<thead>
<tr>
<th>Industries in BuSoc area</th>
<th>Local authority</th>
<th>East Midlands</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture; hunting; forestry</td>
<td>0.5</td>
<td>1.88</td>
<td>1.45</td>
</tr>
<tr>
<td>Fishing</td>
<td>0</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.06</td>
<td>0.042</td>
<td>0.25</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16.76</td>
<td>19.91</td>
<td>14.83</td>
</tr>
<tr>
<td>Electricity gas and water</td>
<td>0.4</td>
<td>0.83</td>
<td>0.71</td>
</tr>
<tr>
<td>Construction</td>
<td>6.65</td>
<td>6.86</td>
<td>6.76</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>19.49</td>
<td>18.21</td>
<td>16.85</td>
</tr>
<tr>
<td>Hotels and catering</td>
<td>4.2</td>
<td>4.51</td>
<td>4.73</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>7.7</td>
<td>6.25</td>
<td>7.09</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>6.68</td>
<td>3.07</td>
<td>4.8</td>
</tr>
<tr>
<td>Real estate, renting and business activities</td>
<td>11.93</td>
<td>10.41</td>
<td>13.21</td>
</tr>
<tr>
<td>Public administration</td>
<td>4.1</td>
<td>4.95</td>
<td>5.66</td>
</tr>
<tr>
<td>Education</td>
<td>6.72</td>
<td>7.8</td>
<td>7.74</td>
</tr>
<tr>
<td>Health and social work</td>
<td>10.67</td>
<td>10.6</td>
<td>10.7</td>
</tr>
<tr>
<td>Economically inactive: unemployed</td>
<td>3.09</td>
<td>3.27</td>
<td>3.35</td>
</tr>
<tr>
<td>Economically inactive: long term sick or disabled</td>
<td>4.44</td>
<td>5.29</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Source: ONS (2006), Data derived from Census 2001

### Employment relations at BuSoc

In addition to the context of the local area, and the buoyant local economy, it is also important to consider the employment relations profile of the company. BuSoc employs 16,000 employees in the UK, with a split between 1/3 part-time and 2/3 full-time. The average age of an employee is 36, and voluntary employee turnover is 8% per annum, below the industry benchmark of 11% (Table 6.3). In terms of gender, the majority of employees are female, with 71% female and 29% male, and this is especially true in the branch network. Women are underrepresented at a senior level with only 20% senior managers female, but at middle management level...
52% of managers are female. These ratios also compare favourably with the industry benchmark of 25%, although the BuSoc aim is still to achieve an eventual ratio of 50% female managers.

Table 6.3
UK employment statistics

<table>
<thead>
<tr>
<th>Employment</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>16,000</td>
</tr>
<tr>
<td>% Full Time</td>
<td>68%</td>
</tr>
<tr>
<td>% Part Time</td>
<td>32%</td>
</tr>
<tr>
<td>Average employee age</td>
<td>36 years old</td>
</tr>
<tr>
<td>Sickness absence</td>
<td>3.14</td>
</tr>
<tr>
<td>Overall turnover rate</td>
<td>9%</td>
</tr>
<tr>
<td>Voluntary employee turnover</td>
<td>8%</td>
</tr>
<tr>
<td>Voluntary short service turnover</td>
<td>20%</td>
</tr>
</tbody>
</table>

Source: internal documents

In terms of the age profile of employees, many are young, with over a third under 30. The majority of employees at just over half are aged between 30 and 50. 13% of the workforce are over 50 (Table 6.4).

Table 6.4
Age profile of the BuSoc workforce

<table>
<thead>
<tr>
<th>Age profile</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees 60+</td>
<td>1%</td>
</tr>
<tr>
<td>Employees 50-59</td>
<td>12%</td>
</tr>
<tr>
<td>Employees aged 40-49</td>
<td>23%</td>
</tr>
<tr>
<td>Employees aged 30-39</td>
<td>30%</td>
</tr>
<tr>
<td>Employees aged 20-29</td>
<td>30%</td>
</tr>
<tr>
<td>Employees aged &lt; 20</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Internal documents

Though this provides some background on the organisation as a whole, it is important to provide some detailed background to the site under study. The administration centre site employees just over 2000 people across a wide range of roles including customer sales and service, information technology, finance and law.
Again, like NatBank, the offices are located on a major business park on the outskirts of the town. As the former headquarters of one of the merged building societies the building represents a very traditional office environment. The primary functions at the administration centre are mortgage administration and customer services. However, the centre has recently been refurbished and includes an on-site gym, beauty salon, hairdresser, shop, restaurant, internet cafe and Starbucks coffee kiosk. Providing a range of services on site was thought to be important as the office is over three miles from the town centre. The dress code is smart with most employees wearing a shirt and tie, although the company operate a ‘dress down Friday’ policy where employees are allowed to wear more relaxed clothing.

To maintain consistency with the other case studies, the focus was on customer service and sales departments including lending control and the contact centre, and such typical roles as ‘lending advisor’ and ‘customer advisor’. Lending advisors deal with customer arrears issues where customers have fallen behind with payments on their mortgages, personal loans or credit cards. This often involves calling customers who have payment difficulties, and arranging payment plans. It can also involve arranging the sale of repossessed houses and liaising with other parties such as surveyors. Customer service advisors are involved with inbound customer account management issues in a department called ‘BuSoc Direct’. Typical roles include Collections Adviser and Sales Advisers. A collections adviser has the remit of trying to get customers who are in debt back into credit. Pay is around £12,500 basic salary with an annual corporate bonus, and a target related monthly bonus of up to around £300 month. The Sales Adviser role attracts a pay of around £14,500 composed of a basic salary of £12,500, annual corporate bonus and performance related bonus of up to £250 per month. The roles are based on flexible shift patterns including evenings and weekends. Customer service roles are similar, although they attract a lower performance related bonus package, because they do not have as much pressure to sell. Due to invariably high call volumes, the call centre environment normally provides significant opportunity for overtime working.
Overall BuSoc’s five call centres answer 25,000 telephone calls each day and employ 1,200 people, around 300 of which are based at the Midlands operation centre. The call centre was introduced five years ago in response to increased workloads, and it was believed that it would be more efficient to streamline operations by separating customer contact and non-customer contact roles. The most obvious difference between the Lending and Call Centre environment is that in the former employees have greater autonomy in managing their workload, whereas in the call centre environment the automated system distributes a constant flow of calls. Lending agents also have more time ‘offline’ completing paperwork, whereas in the call centre environment almost all time is spent answering calls. Before the opening of the call centre, many of the long serving staff had been working in administrative roles, including filing and reprographics, and as such there was a feeling that call centre roles were a lot more pressurised than traditional administrative work. In the call centre environment, agent activity is monitored and compared to targets. For example, advisers are targeted to deal with 8 calls per hour, and to be ‘online’, i.e. on the phone, 68% of the day. Other targets include the number of times the adviser says the customers name, and the amount of sales leads generated. The call centre is typically very busy and advisers normally deal with a steady flow of calls for the duration of their shift.

Culturally, the business has also experienced change towards becoming a more sales-oriented organisation. Before, branches would have a mortgage quota to lend each month, and if the branch had already allocated this quota they would have to decline customer requests. Now the business has become more sales focused, trying to embed the view “that actually we are there to serve the customers rather than doing them a favour by granting them a mortgage (Employee Relations Manager). Nevertheless, there was a feeling among the union representatives that Head Office administration jobs are still generally more comfortable, and as a result a more content workforce compared to the branches. As one representative remarked: “I feel sorry for the people in the branches who work really hard. I think they tend to have more issues than people in the Admin Centres. I think we’ve got it good here basically”. The Area Officer suggested that the Administration Centre is one of the
lowest in terms of union membership, and speculated that this may be due to the fact they have less ‘issues’ compared to the Head Office and branch network.

Team managers suggested that employment relations were generally positive especially with flexible working and good benefits. They also agreed that the current Chief Executive is perceived to be keen on people and the ethical image, and that the company had been good at explaining the rationale behind business decisions. They also agreed that there were less ‘issues’ in the administration centre environment generally, and many more issues in the branch environment. This was not to say there were no pressing issues in the administration centres; the fact the call centre environment is so busy and targets keep increasing were examples of issues in the call centre. However, on a day-to-day basis the Administration Centre was generally seen to offer a more relaxed working environment than the branches.

Employees also agreed that on balance administration centre life was calmer than in the branches, and there was evidence to suggest that this perceived secure and calm environment may have contributed to the lack of interest in the union. Some employees suspected they would join and be more interested in union issues if they perceived the situation to be more vulnerable or “up in the air”. In their current role, however, many appeared to feel fairly comfortable. As one employee in the lending department stated “they are always going to need somebody to collect debt”. Likewise, in the call centre job security was also though to be very good as the demand for agents exceeded supply, and overtime was plentiful. The results of BuSoc employee attitude surveys, conducted by an external agency, are a useful indicator of employment relations within the building society overall (Table 6.5).
Table 6.5
BuSoc Attitude Survey results (2004-2006)

<table>
<thead>
<tr>
<th>Survey metric</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational change</td>
<td>72</td>
<td>67</td>
<td>59</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>83</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Leadership and group image</td>
<td>82</td>
<td>82</td>
<td>80</td>
</tr>
<tr>
<td>Job security</td>
<td>67</td>
<td>67</td>
<td>64</td>
</tr>
<tr>
<td>Employee involvement</td>
<td>67</td>
<td>63</td>
<td>62</td>
</tr>
<tr>
<td>Pay and benefits</td>
<td>57</td>
<td>69</td>
<td>68</td>
</tr>
<tr>
<td>Working conditions</td>
<td>81</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Supervision</td>
<td>76</td>
<td>75</td>
<td>75</td>
</tr>
<tr>
<td>Working relationships</td>
<td>87</td>
<td>75</td>
<td>76</td>
</tr>
<tr>
<td>Employee-customer commitment index</td>
<td>97</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>Communication</td>
<td>81</td>
<td>79</td>
<td>80</td>
</tr>
<tr>
<td>Training and development</td>
<td>72</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>Performance appraisal and recognition</td>
<td>78</td>
<td>73</td>
<td>74</td>
</tr>
<tr>
<td>Career development</td>
<td>75</td>
<td>67</td>
<td>68</td>
</tr>
<tr>
<td>Employee satisfaction</td>
<td>79</td>
<td>77</td>
<td>77</td>
</tr>
<tr>
<td>Overall response rate</td>
<td>89</td>
<td>91</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: Internal documentation

Communication, leadership and group image, and training and development all scored particularly high in 2006. The lowest scores include organisational change, employee involvement and job security, however all scores are well above 50%. When the indicators are combined to provide an overall ‘employee satisfaction’ index, the results appear to be positive with results around 77%. Management interpretations of the annual employee opinion survey were that results are normally very favourable when benchmarked with other financial service organisations. Unfortunately, only aggregate figures were available, and as such these statistics offer little insight into the quality of employment relations at different sites or between different operational divisions of the business. For example, the fact job security received one of the lower ratings contrasts with the comments from the Administration Centre employees. It may be speculated that this reflects responses from the branch network.
Partnership structures at BuSoc

Representative participation at BuSoc centres around the recognised staff union. The union has been recognised by the Certification Office as independent from the employer since the late 1980s (it was formerly a staff association), and has been representing BuSoc employees for over 30 years. Until the late 1980s the association did not have full-time officials; rather a Chairman was appointed on a seconded basis. He was supported by external consultants who would provide specialist advice. However, in 1990 the staff associations of the two merging organisations also merged to form one new association. The union was run by a General Manager, and this was said to be symbolic of the kind of association it was: a business union rather than a campaigning union. The staff association represents all staff below general and senior management. Membership of the staff union is currently around 75% and it is affiliated to the TUC but has no formal political affiliation. In 2006, union membership at the administration centre was 54%. This compares to membership of 64% at the South West operations centre and an average of 75% in the branch network. The union has 14 staff members. Officially, management supports the role of the union. According to the staff handbook: “BuSoc recognises the importance of staff representation and, although membership of the Union is not a condition of employment, encourages employees to support the activities of the Union by becoming members”. The union also makes a presentation to new employees during induction sessions.

Currently, the main formal mechanism for information, consultation and negotiation is the Joint Consultation and Negotiation Committee (JCNC), chaired by the Divisional Director of Personnel. The Union President, General Secretary, Assistant General Secretary, and some representatives from the NEC also attend these meetings. The General Secretary is the Chief Executive of the Union, and Chief Negotiator. The President - who is seconded from BuSoc for two years - acts as Chair of the NEC and National Conference, and is the Chief ‘Lay’ Officer. Most of the society members are from personnel functions, although one senior manager from branch network also sits on the JCNC. Formally the JCNC convenes for the
Chapter 6

Annual Pay Review with the majority of other issues advanced through informal talks and ‘corridor conversations’. There is a list of negotiable items in the recognition agreement, and the business has resisted abandoning this list despite union pressure. Formally at least, negotiation still remains limited to the issues summarised below:

- Pay ranges
- The amount of money available for distribution in general salary reviews
- Number of hours in the basic working week
- Annual holiday allowance
- Overtime pay rates Shift payments
- Saturday morning payments
- Compensation for employees using their own car on BuSoc business
- Payments for working on Public Holidays
- On-call and call-out agreements
- Additional responsibility payments
- Unsociable hours payments
- London allowance
- Lunch time payments
- Maternity leave and benefits, adoption leave and paternity leave
- Employment break
- Subsistence allowances

This does not mean that items not on the list fail to be discussed, but that the union would be unable to take the society to formal arbitration. If they fail to agree at JCNC another meeting has to be scheduled within 14 days and this would be attended by a senior executive. If there is still a failure to agree the union can raise the issue with Acas for pendulum arbitration. Pendulum arbitration would involve the arbitrator choosing between the position of the trade union or the employer, without any option of ‘splitting the difference’ and suggesting a third solution or compromise, as this is meant to encourage each party to make sensible demands. However, the union acknowledges that this is a high risk, worst case scenario strategy, as each side risks losing everything through the arbitrator’s decision. Nevertheless, this is an extremely powerful tool for the union meaning there is no need to strike. It is important to note that at the time of the fieldwork (2005) the infrastructure fell short of the demands of the Information and Consultation Regulations because the focus of the current structures is very much on personnel as
opposed to general business issues, and a new employee involvement structure was intended to be in place later in the year.

Table 6.6

<table>
<thead>
<tr>
<th>Mechanisms</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>BuSoc Staff Union</td>
<td>160 reps, funded Union President on two-year secondment</td>
</tr>
<tr>
<td>Union reps/facilities</td>
<td>75% membership of the union</td>
</tr>
</tbody>
</table>

Constituency Representatives are allocated 4 days per year plus additional time at the discretion of their line manager throughout the year. Area Executive Members receive 6 days per year, Health and Safety reps are also granted 6 days per year, and those with both roles receive both allocations. NEC members receive 12 days per year. In terms of ability to get time off for union duties the evidence was mixed. As the Area Officer explained “It all comes down to the line manager/business needs. If the teams workload is so high the union role has to take a bit of a backseat. It’s balancing the business needs”. Much appeared to hinge upon the attitudes of individual line managers. For example, there has been poor attendance at Area Council meetings even though the meetings are planned months in advance. As the Area Officer argued, if representatives do not attend meetings, they cannot properly represent their members. However, despite these difficulties, there appeared to be an acceptance that union work is very much secondary to their full-time job. As the Area Officer explained, “We are not employed by the Union. We are employed by the Society. At the end of the day they are paying us to do a job. The union work is voluntary”. The Union President highlighted that the role of the local representatives is to collect views, provide feedback, and relay information “but they are not there as negotiators” and that they are “not like traditional shop stewards who negotiate terms and conditions”.

Although most actors believed partnership primarily concerned representative participation, like most UK organisations the business also employs various direct employee involvement mechanisms. These include, for example, team briefing
sessions, company videos, intranet, suggestion schemes and attitude surveys. In the call centre monthly focus groups had also been recently introduced to provide a forum for call agents to air some of the day-to-day concerns regarding working practices or other issues of concern.

**Definition of partnership at BuSoc**

Although there is no *formal* partnership agreement between management and the union, it was argued by senior management and union actors that the relationship between the business and the union could be described as a partnership relationship. This was thought to be a result of contextual factors such as the history of mutuality and the resultant management style. Indeed, the management style was typically described as ‘benevolent’ and ‘paternalistic’ by both union and management respondents. Management were keen to stress their commitment to being recognised as a responsible/ethical organisation and as an employer, and argued that it was complimentary to the partnership ethos. As one manager stated:

> “Everything we do is for our membership and that’s changed the way we think and operate. We’re perhaps not as ruthless as a bank might be in terms of our personnel policies. We’re much more paternalistic” (Employee Relations Manager).

The partnership term is also used on the company website: “*We encourage everyone to get involved...and have their say – which is why we constantly work in partnership with the BuSoc Staff Union, an independent affiliated union, to look at how we can make life even better here.*” (BuSoc Recruitment Literature, emphasis added) The Personnel Director suggested that BuSoc has always had good personnel policies:

> “BuSoc has always had good employment policies. I felt that when I came in. I was very impressed with the caring attitude. Whereas – I worked in the City before and you would be out of the door much more quickly. I think over the last 15 years we have made a concerted effort to say we want to be a leading edge employer, and we have deliberately gone out to see what is best practice and where we can go beyond best practice” (Director of Personnel).

She argued that historically Building societies were “*caring organisations*” and the fact that 75% of the workforce is female has contributed to the focus on employees and employment policy. She also suggested that internal research had confirmed a
sound business rationale for investing in employees. Similarly, the Employee Relations Manager suggested that there was a feeling that good employee relations were complimentary to good customer service and in turn business success. He quoted an old BuSoc mantra by way of illustration:

“We used to say we knew BuSoc was successful when customers said it would be their first choice, where business experts would recommend BuSoc as their first choice, and employees would say BuSoc is where I want to work” (Employee Relations Manager).

For the Director of Personnel it was suggested that this may partly be related to mutuality meaning the organisation does not have the pressure to impress shareholders:

“A traditional city organisation would be looking at maximising shareholder value, we don’t have shareholders so our focus is how do we maximise values for members. But I think culturally the difference is greater, and I’m convinced it’s related to our mutual structure. It sounds clichéd but there is something different” (Personnel Director).

A Personnel Consultant also stated that mutuality does make the organisation distinctive compared to competitors:

“I think we have it right because we are a mutual organisation, and our competitors are PLCs. They have shareholders to satisfy, and maybe they have to be a little more astute with some of their policies. Whereas we deal with fairness which sits comfortably with me, and the way they treat employees, it’s a very big positive mutuality. At then end of the day it’s about working for the members: people with mortgages, savings and investments. And to make sure at the same time the workforce are equally rewarded and treated as well” (Personnel Consultant).

He argued that at other banks and demutualised Building societies they “have to answer to their shareholders a lot more severely” and that in City organisations if performance slips “they get kicked out to grass”. Team managers also proposed that in general mutual organisations are less ruthless. As a team manager commented believed it led to a more ethical approach:

Going back when companies were converting, I suppose it seemed old fashioned, that we were a mutual…a bit of a blast from the past. But when you actually look at it, and you think about other companies that are out to make a profit at the expense of their customers. They treat them as a means to make profit. A lot of the things they do don’t seem very ethical” (Team manager).

The General Secretary also held the view that “At the end of the day…BuSoc is a relatively benevolent employer”. Of course, a more rigorous approach is needed to establish whether the relationship at BuSoc can be considered to have the typical characteristics associated with partnership organisations, as there is no automatic link between paternalism and partnership. For this reason, it is useful to review the commonly cited TUC principles of partnership:
- A commitment to the success of the organisation
- A focus on the quality of working life
- A recognition of and respect for the legitimate roles of the employer and the trade union
- A commitment to employment security
- Openness and transparency
- Adding value to all concerned

Firstly, it is argued that there is sufficient evidence to suggest that the union and management shared a commitment to the success of the organisation. Most of the union officials are employees or ex-employees of the society, many have held middle management posts, and all stressed the importance of BuSoc delivering to members as well employees. Documentation also states how “BuSoc and the union have a common objective in ensuring the efficiency of BuSoc and its employees”. This resonates with the TUC principle of a shared understanding of and commitment to business success. The second commitment concerns quality of working life. Again, there is evidence to suggest that BuSoc have demonstrated a commitment to working life by implementing many pioneering HR initiatives and exceeding statutory requirements on most aspects of employment law. With regard to the legitimacy of the union, the fact the union funds the seconded President post, and that union Individual Case Officers have offices in the two administration centres suggests a level of support for the union. The employee manual for new employees also states that “BuSoc acknowledges the benefits of BuSoc employees being members of the union”. The fourth TUC principle concerns employment security and a flexibility/employment security agreement is at the core of many partnerships. On this issue the union and the company have a Security of Employment and Redundancy Agreement (SERA), which outlines the consultation process to be followed, and “BuSoc’s need to be flexible with employees needs for stability in employment, affording maximum protection for employees and their earning potential”. SERA exceeds statutory requirements in that BuSoc agrees to consult with the union regarding redundancies regardless of union membership, number of redundancies or length of service. Another principle concerns openness and transparency. In accordance with this, the Recognition and Procedure
Agreement expresses a management commitment to “hold regular meetings with the union, maintain effective communication and exchange information on business issues”. Moreover, “both parties believe that effective consultation and negotiation are instrumental”. The final TUC principle is adding value to all concerned. “BuSoc and the Union have a common objective in ensuring the efficiency and prosperity of BuSoc and its employees” and that “good employee relations...will in turn promote the well-being of BuSoc and its employees”. The evidence is summed up in Table 6.7 below.

<table>
<thead>
<tr>
<th>TUC Definition</th>
<th>Evidence at BuSoc</th>
<th>Partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success of organisation</td>
<td>Common objective efficiency + employees</td>
<td>Y</td>
</tr>
<tr>
<td>Quality of working life</td>
<td>Benevolent employer, £13 million training budget, IIP Champion, IIP since 1993</td>
<td>Y</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Acknowledge union duty to protect members</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>Acknowledge benefits of employees being members of union</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acknowledge valuable contribution of union</td>
<td></td>
</tr>
<tr>
<td>Employment security</td>
<td>Security and Redundancy Agreement (SERA)</td>
<td>Y</td>
</tr>
<tr>
<td>Transparency</td>
<td>Effective consultation and negotiation instrumental</td>
<td>Y</td>
</tr>
<tr>
<td>Adding value</td>
<td>Good employee relations good for company and employees</td>
<td>Y</td>
</tr>
</tbody>
</table>

In short, the evidence suggests that the arrangement does appear to have many of ingredients of a prima facie partnership. Interestingly, despite the positive comments regarding partnership relationships, officials were reluctant to engage with the formal language of partnership, pointing out that they had discussed the notion of establishing a formal partnership agreement, but had subsequently rejected the idea. As the President explained:

“A number of years ago we did look into putting in place a partnership agreement...I think it’s fair to say that around the National Executive table there was quite a concern that the Union, was possibly too bought into - and certainly perceived to be - too bought into society strategy and decision-making” (Union President)

In other words, the union was keen to maintain a degree of distance from the company, and perhaps also reluctant to give up the power the pendulum arbitration clause affords. Yet he proposed the approach was more like partnership than traditional arms length collective bargaining: He stated how “we will and probably do have a very partnership style approach to the way we operate...I doubt we’d be in a hurry to call it a partnership though...the word just wouldn’t sit well with it...but it’d be that in all but name perhaps”. The reluctance by the union to
formally engage with language of partnership appeared to be related to the concern that they needed to demonstrate their independence from the employer, and this appeared to relate to their history as a staff association. The General Secretary also highlighted the need to be seen to be independent of the Society.

“Those who are aware of what is going on, are aware that we are very very independent. But I guess if you asked somebody working in a branch in Oban or something, they’d probably think we are just another department of BuSoc. It’s really strange. But I’d like to think that’s more the nature of people who work for BuSoc than actually what’s going on. Or at least I’d like to think it is” (Union General Secretary).

He suggested that this perception was not a major problem given that membership of the union was healthy, and that he did not imagine employees of a paternalistic employer would want to be members of a more ‘militant’ trade union. He attributed the moderate attitudes to the employee profile of the organisation, and in particular to the high proportion of female and part-time staff, and suggested that financial service organisations are fundamentally different to traditional manufacturing environments. These views accords with an article from the union newsletter from the mid-1990s, when the union were debating whether to change their name from BuSoc Group Staff Association to BuSoc Group Staff Union. The article suggests that two points of view prevailed. On the one hand some employees believed an association was not a ‘real’ union, and reported to – or was part of – the Society. On the other hand, some employees were perceived to be put off by the connotations of the late 1970s and early 1980s which were perceived to be inappropriate in the finance sector. Following a conference motion the association did change its name to a union to reinforce its independence from the employer. This suggests that a balance has to be struck between being perceived as militant on the one hand, and co-opted on the other.

These concerns notwithstanding, there was a feeling that the actual name is not important. The Union President cited examples of partnership agreements in the finance sector which he believes have meant very little in practice, and were not different from traditional recognition and procedure agreements. In short, the partnership ‘badge’ was not thought to be so important. He argued that “partnership agreements just replace an ‘R and P’ agreement in essence, a partnership will only work if both parties are committed to it...partnership is about
genuinely working together for the business and the employees. Yet despite the union reluctance to use the formal language it was agreed that the operation/relationship is generally reflective of a de facto partnership. As the Union President stated:

“Our role is to look after the people who work for BuSoc. I have always maintained that we can look after people who work for BuSoc a lot better if we have a relationship which is constructive...because if you don’t, it’s dead easy for the employer to just keep saying no” (Union President).

He argued that even in the context of a good employer, issues still occur and the union role is to challenge and ensure employees are treated responsibly. Equally, union involvement in issues can make them easier to manager and lead to better outcomes for the business as well. A similar sentiment was expressed by an Individual Case Officer who explained that things are quite different now compared to the 1980s. She explained that, “we are not by nature what I would describe as a militant union. And we do try to do things by negotiation and conciliation, rather than perhaps the way perhaps some people still see the body of the trade union in the Scargill era”. When asked specifically how she would describe the union/management relationship she explained how, “We haven’t got as far as signing a partnership agreement. But yes we do work very closely with them”.

For the Employee Relations Manager, one of the key differences between partnership and non-partnership working was the stage at which the union is engaged with decision-making. He suggested that with a traditional decision-making process in an organisation, consultation would often begin after a great deal of time had elapsed, and much of the management chain had already been consulted before union involvement began. He proposed that the partnership ideal is to consult early enough to allow ideas to be considered and refined, providing more of an opportunity to fine tune and discuss the plan. He presented the following diagram by way of illustration:
He explained how a traditional approach would mean the union would be consulted after a great deal of time had elapsed (y axis), and following extensive private discussions among the management team. His view of a partnership approach, however, was where the union would be involved early (y axis) and only after some early management discussions had occurred. The current agreement with the union is that consultation will normally occur at the “provisional business case stage” outlining both the idea and the rationale, before the idea becomes a formal proposal. This would then be presented to the union for initial discussion. On some occasions consultation may actually precede any proposal document. He argued that a co-operative approach makes much more sense, at least in theory:

“More constructive because you are going forward with a joint plan, you know what the union reaction is going to be, you know the communication the union is likely to give out to employees, and you can go forward almost with one voice, and everybody is very supportive and they feel that they’ve influenced and got something out of the process, and the business has also. And you can deliver much more quickly, and there’s not so much conflict. That’s the ideal model.” (Employee Relations Manager).

He suggested that the main benefit was that the business had insight into likely reactions, union commitment enhances the legitimacy of the decision, and that ultimately both parties gain some value through the process. The Director of Personnel also suggested that there is a need for a modern constructive relationship:
“I think BuSoc and the Union work together well. I think it’s a constructive relationship, it’s challenging which is right, but I think things are resolved in a constructive/co-operative fashion which is something that I would personally prefer. It’s a modern relationship and it works well” (Director of Personnel).

A co-operative approach was also favoured by the union representatives:

“I think the union is important. You need somebody looking after you in case you are mistreated. As long as they are not too leftie but sensible and logical. Sometimes unions can be a bit extreme, you know any little thing and it’s down tools and walk out. I don’t agree with that kind of thing. You just want somebody there to fight your corner if need be and make sure your best interests are looked after” (Union representative).

A team manager echoed the need for a moderate approach:

“I think there is a need for unions. I think everything is in moderation, I’m not one of these people who think militancy is the best way to go about things. I think you have to be more consultative”.

Union officials stressed the need for a degree of ‘give-and-take’ if the relationships are to be successful. For example for the Individual Case Officer building up informal relationships with management was preferable to working to the letter of the law, as it allowed greater latitude in decision-making. The Union President also suggested that there is a need to go beyond what the law requires. As he remarked “I want a balance between we’ll work with you, so you’ll work with us, it’s very much a two-way thing”. He suggested that the current Chief Executive, who has previous experience in banking and property, has been the more people focused compared to his predecessor:

“The society had a change of Chief Executive, to somebody who in many ways and is certainly viewed by the employees as more people focused than his predecessor so perhaps it was inevitable that they’d be more ‘peopley’ stuff, than with someone who was very business oriented in the past. Or perhaps that’s a total coincidence. They are not stupid people, they have been aware for sometime that the EU had agreed the ICD so at some point they had to do it, so why not bite the bullet, do it early it make it look really good on them” (Union President)

For the Director of Personnel, partnership suggests a commonality of interests, but at the same time expects the union to challenge and question:

“The union and I don’t come from a ‘they want to do this and I want to do that’, we have lots of ideas in common. Things that are good for BuSoc. I dislike playing games. I value people saying this is what I think. I expect when we go forward there may be times when what I am trying to achieve differs from what they are, I would expect it to be challenging. (Director of Corporate Personnel).

It was also clear that, as a small union with only fourteen staff and 12,000 members, the union operation centred around a few key figures at the elite level, in particular the long-serving General Secretary, a former branch manager who has held the top
union position for 15 years. There was a feeling that such a reliance on a few key figures was a precarious strategy for the union. The Employee Relations Manager explained that having a close relationship between a few key players can be very beneficial, but on the other hand creates significant problems in relation to succession. As he explained:

“The General Secretary is very well known around the business, he takes the whole shooting match on his shoulders really, and he is the union. He is known to be the union. He has a huge network and gets to know lots of things...and that makes the union very effective, he’s got his finger on the pulse, but frankly if he was run over by a bus tomorrow the union would struggle” (Employee Relations Manager).

This was also implied by the Union President who remarked how “It would be really easy to say that the key relationship exists between me, the people in personnel and the Chief Executive, and there is an element where that’s true”. For example, the Chief Executive and Deputy Chief Executive go out for dinner three or four times a year with the General Secretary, and often deals are struck during lunch meetings and ‘corridor conversations’ rather than at formal union JCNC meetings. It was proposed that the reliance on key personalities meant that if certain managers did not really like the Union General Secretary, they may be reluctant to consult him. Some senior figures suggested the need for a union merger should the General Secretary leave because of the wealth of experience that would be lost.

The Employee Relations Manager was not sure how effective the relationship would be between BuSoc and an external organisation like Amicus. Culturally most staff union officials are former BuSoc employees, and he believed this was a significant advantage for management, but one which many managers perhaps did not appreciate. As the Employee Relations Manager commented, “I think it’s important we support the Union because there are advantages for BuSoc of having this single employer relationship”. He argued that there was also a need to convince some non-HR personnel that the union is a useful business partner and “probably more agreeable than Amicus”. He suggested that in particular the viewpoint of the Union President is often fairly moderate, based in terms of “when I was a manager”. On the other hand the fact that seconded officials have to return to a job was said to “limit the contribution they can make”, and this is not necessarily such a good thing from the union point of view. A company union is therefore double-edged.
Influence and managerial prerogative

According to the Director of Personnel the role of the staff union is to challenge and promote fairness:

“...I think it’s the role of the union to constantly challenge the business/management on it’s practices, policies, equality, provisions for disabled employees, part-time workers. I think it’s their role to see you are being fair to everybody. And even if you have the policies are they being implemented properly?” (Director of Personnel).

For union officials, the role of the union is also to promote fairness and to ensure decisions take account of both a business and employee perspective. As the President remarked:

“Our role is to make sure that the employee perspective is brought into it as opposed to just the management view of an employee perspective. Or just a management perspective. At the end of the day we are here to look after our members. Hopefully enhance their terms and conditions, makes sure they get good pay and good conditions, but actually we are here to make sure that they are treated fairly, and if that slips in any way we can make it right” (Union President).

A senior collections manager expressed a very similar point of view, suggesting that the role of the union was to ensure fairness and consistency in decision-making.

“We basically want to achieve the same things: fairness. And everybody has got the right to have their say and to be treated fairly consistently. I see them there to protect the rights of employee and ensure fair and consistent treatment.” (Senior collections manager).

In terms of influence, the President described an important distinction between negotiation on certain items - but predominantly pay and terms and conditions - and discussion and consultation on most other issues. The General Secretary suggested the unions aim is to ensure that as much as possible BuSoc remains a good place to work, although he acknowledged union influence may not always be obvious to employees as much is behind the scenes.

“Because we have a partnership/collaborative approach, a lot of things BuSoc were going to do get stopped before anybody even knows they were thinking about it. So, from that point of view, employees perception of BuSoc is that it’s actually a pretty nice place to work. You think if we didn’t do our job for a month, they would still think that? But that’s just the way of the world isn’t it?” (Union General Secretary).

However, management admitted that – at least formally – the union has traditionally had limited access to high-level business information beyond private discussions between senior management and the General Secretary. As the Employee Relations Manager explained, “The union really haven’t had access to other high level business information, sharing of information around strategy, they do pick it up in
other ways but there has been no real formal mechanism”. This suggests a limitation in terms of the process of partnership. The President reinforced the view that there is influence, but at a high level which may not be apparent to most people. He suggested that there has been “more than there has been...more at a senior level than the next level down...at the committees the General Secretary sits on there is involvement, and they are making strategic decisions”. In short, partnership appeared to be much more about relationships in this particular case, with much less use of clearly defined, formal institutional structures compared to NatBank.

The General Secretary argued, however, that the list of ‘negotiable items’ is archaic because it includes uncontroversial issues such as mileage allowances, but excludes important pay and conditions issues such as bonuses. He queried why the union has the right to take BuSoc to Acas over issues such as mileage allowances, but not for healthcare or bonus payments. It may be speculated that because of the powerful pendulum arbitration clause, the employer is keen to keep potentially controversial issues off of the negotiable items list. The General Secretary believed the management were reluctant to give up this list because they did not want the union to have negotiating power over bonus payments. However, he thought perhaps that the Society’s reluctance to give up the negotiable items list was proof that they viewed the union to be a genuine challenging force. He explained how, “in some ways, I take it as a backhanded compliment, because they accept that we will take them on. You can take a positive out of this, implicitly they recognise we will do what we need to do for our members”. However he strongly believed such a document remains incongruous with the spirit of a partnership/relationship style approach. It is therefore intriguing to note that the union was both unhappy with a traditional recognition and procedural agreement which they believed was “old fashioned and based on assumptions of conflict”, but were also weary of a partnership agreement which they believed may appear to be “too cosy”.

The Director of Personnel, did not share the concern that the existing formal agreement was inappropriate or outmoded. She explained how,

“I’ve looked and thought that seems fair enough, you know what areas you are able to comment on and influence over and so do we. I thought it was a good idea. It sets things out quite
clearly. Both know what is expected. I don’t know whether their view is the same- I assume it would be” (Director of Personnel).

Irrespective of the terms of the actual agreement, the Employee Relations Manager suggested that the union was an influential force, and that it did act as a useful regulator on business decision-making:

“I’ve always seen the union as a bit of a regulator on us. Making sure we do the right thing. It doesn’t mean that they should stop the business making the right decisions for the business, because both parties have got the same vested interests: making BuSoc a viable business proposition, for the prosperity of customers and employees” (Employee Relations Manager).

He added that sometimes union input can be valuable in preventing the business making short-sighted decisions which actually overlooked major problems with business proposals.

“I think there have been examples where the business wants to do something and the union have come back and said well have you thought about this, have you thought about that. And whilst it might have sounded like a good idea for a particular business department, in the context of fairness, employment law, regulation and the business as a whole you sit back and think yeah, actually brainstorming is very well but that wasn’t a good idea” (Employee Relations Manager).

He gave the example of the proposal to pay double overtime in a department that was severely understaffed. For the department managers this appeared to make business sense but was actually deemed unfair for part-time workers, other departments, unrealistic targets, and was rejected. The Personnel Consultant agreed the union do have influence, again, through the strong senior relationships:

“As a collective group, I think yes, they do have influence. They have quite a lot of influence and that’s down to the relationship the General Secretary has with D2, the Directors and Executive Directors. And also with the membership numbers behind them it gives them quite a bit of weight there, to make sure their voice is heard” (Personnel Consultant).

Even the call centre manager who was openly suspicious about the effectiveness of the union from his perspective as an employee, suggested that the union may play a useful role in terms of checks and balances on the business, suggesting that “as checks and balances the union are involved, to the extent that they will have a voice, and I know the relationship with the senior execs in the organisation is very strong, so actually they have a very useful function to play”.

Union interviewees also believed the union did have influence. The union Individual Case Officer suggested that union input is generally valued, and that management understand that the union do highlight important issues:

“I think quite a lot of influence. They do listen to us and they do value our opinion. I think the Society take the view that if the union is coming to them, its not because they are wanting to be
difficult. It’s because their members have genuine issues. …I think a lot of the issues are cost driven…I think they take the attitude that if the union is saying it’s a problem, then at least we need to listen. I don’t think it’s oh, no, they don’t have enough to do so they banging this drum again” (ICO).

Local union representatives were less clear on the extent of influence because so much occurred at a high level but they speculated that the union is influential. As one representative noted, they do not actually know what happens at negotiations.

“I would hope there is influence. I think there is. But again I’ve got no evidence of that. Our messages come through saying it’s a joint statement from Tim and whoever, but I don’t know about the negotiations or how they have gone, you just take on board what they’ve said. But it appears to me there must be some pretty good working relationships to get what we get.” (Union representative).

A similar view was taken by another representative who believed that the dialogue promoted the interests of the union, employees and the company,

“I think it should be fairly amicable but at the same time it’s got to be positive enough for both of them to put their case forward and talk positively and openly about issues. And come to an agreement that will suit everybody: the staff, the company and the union. I feel that’s what they do but it’s only my opinion. I’ve never sat in one of their meetings so I don’t know for sure” (Union representative).

However, one representative suggested that there was not really a need to know the exact details of the negotiating process:

“I don’t think it’s important to know all that’s going on in there. OK, you need to know the basics that negotiating is going on, what the issue is, the outcome. I don’t think you need to know the nitty gritty, that’s what they are there for” (Union representative).

One criticism raised by the representatives was that the union is more concerned with company-wide issues and policies, and local representatives do not always feel they receive sufficient assistance to deal with local concerns e.g. stress and morale in the call centre. As a representative remarked “I think on the major decisions the union have quite a good influence”. It was suggested that this had upset some members who believed it was a union issue, but were advised to take up issues directly with managers but “people don’t want to put their neck on the line directly”. Again, it was suggested by team managers that sometimes it seemed that the union were involved in society-wide changes regarding collective policy and procedure, but that departmental issues are often introduced with minimal consultation and “they’ll probably implement it and then sort out the fallout, rather than have the Union involved there and then”. It appeared that departmental issues are generally channelled through a monthly meeting between managers and non-union representatives from each team, but there was a feeling that this was not
effective as often employees did not want to be seen to be the person complaining. In other words, although there was a channel of direct employee involvement mechanisms for many day-to-day issues, sometimes the result was that employees felt their issue was perhaps too small or specific to be a ‘union issue’, but lacked the confidence to raise it through direct mechanisms. In relation to the topical issue of call centre targets, one representative was unsympathetic and argued that in reality the targets were not really as bad as people implied and that it is “everybody moaning when really they should just get on with it”. In other words, on the one hand some union activists took the view that there were very few issues in the administration centre environment, while on the other hand, other union representatives were dismissing issues that members raised with them as unimportant, or not of concern to the union.

**Relationships**

Given that definitions of partnership are based upon the premise of the legitimacy of different points of view, problem solving and added value for all, it is useful to understand the realities of the relationships between key actors. These are now discussed in turn.

**Senior management-union relationships**

The first issue concerns the relationship between the trade union and senior management. The President explained that there was “generally a very good relationship. Where we are at the moment, the dialogue is constructive, I’d hesitate to call it friendly. It’s carried out in a reasonably conducive environment to get a good result”. However, he expressed a slight concerned that the relationship had not really been tested recently:

“You do worry that there have been no really, really significant disagreements between us [the union and management] for a couple of years. So how much of that is genuine and how much would evaporate if we said actually, no, you can’t do that on something that they though was significant. Or if we just dug our heels in about something and they thought we were being
obdurate... How much is it dependent that things are running pretty smoothly between us and how much is actually a genuine commitment on everybody’s part to make things work even when we do disagree?” (Union President).

In other words, it is difficult to test the strength of a relationship when things are going well. Nevertheless he suggested that senior management are more likely to look more favourably on dealing with the staff union, as opposed to “some oik from Amicus”. The central relationship, however, involved the General Secretary and senior management. The General Secretary is heavily involved in a myriad of meetings and committees, and has a busy schedule. Indeed, the Union President joked that it is probably easier to arrange a meeting with one of the Directors than the General Secretary, reflected by the fact that his diary is always booked months in advance.

Senior HR managers also described a good working relationship with the union, again suggesting that the union adds value. As the Employee Relations Manager explained:

“The union have helped no end... We would say we have a good relationship with them, we try to involve them in new employee type issues, at an early stage in terms of policy and procedure design. The business, and certainly personnel, values the relationship with the union” (Employee Relations Manager).

Managers particularly valued the fact that most union officials are former employees, suggesting that this enables them to take a more balanced view on issues. A similar view was expressed by a Personnel Consultant:

“I think it’s a good relationship. It used to be the staff association. And that to me suggests a very close link between the union and BuSoc. A lot of union officials are former employees and have a good understanding of what BuSoc is trying to do. And therefore, when they become reps and we enter into discussions, they have a good idea of where we are coming from and it can be quite harmonious. But at the same time they are ready to challenge if they think something is not right. Which is good. It makes us think are we doing the right thing?” (Personnel Consultant).

To an extent this was confirmed when speaking to the seconded Union President. He would often answer questions firstly, from a union perspective and then “take his union cap off”, and reflect on the question from a managers point of view, citing his experience as an IT Manager.

However, the extent to which good relationships extended beyond the personnel department was less clear. As the call centre manager remarked, “presumably they [the union] are having a positive effect from their perspective but who knows. I
don’t get involved in negotiations”. A senior collections manager in the mortgage division also admitted she did not have a great deal of knowledge of the union but speculated that the relationship was probably healthy:

“I would say it’s very healthy. It’s not them and us, we work closely together. In terms of policies and people we are very likewise thinking I feel. Whatever dealings I’ve had with the union, it’s always been amicable, professional I feel. We are looking to achieve the same thing for the business and individuals really. We want the same. We work well as far as I’m concerned” (Senior collections manager).

In other words, there did appear to be some common ground between the aims of management and the aims of the union, in terms of an overarching objective of achieving good business decisions which are also fair. As she elaborated:

“I see them as a strong force but not them-and-us. I do really think it’s more of a partnership. We are looking to achieve the same thing: ensure people’s views get heard and they are represented fairly. And that’s what we all want to achieve” (Senior collections manager).

A Personnel Consultant also echoed that periods of disagreement are a normal part of healthy relationship:

“I imagine there is some healthy debate there sometimes, when there is disagreement. What is the right thing to do? I’d say it’s healthy. There have been some firm strong challenges, but people move on from that” (Personnel Consultant).

The Personnel Director also suggested that the union can add value to the process because they have a good level of business knowledge, and can bring a different perspective to decision making. As she explained:

“I’m always very impressed with the level of knowledge the union people have, around what goes on in BuSoc…it makes it more transparent because you can’t pull the wool over each others eyes. You both understand what you are dealing with” (Director of Personnel).

There were also examples where individual managers had approached the union for advice, for example how to deal with a specific employee who is underperforming, or on the procedures for dealing with an employee who is on long-term sick leave. However, in terms of union dialogue most appeared to occur at a senior level between senior HR figures and union officials. As the senior collections manager explained, “I think the most involvement is above my level really. We don’t have a lot of contact with the union ourselves really…in terms of liaising/looking at policies with them, I don’t really have any involvement with that”. It was suggested that major organisational changes normally involve senior union figures and senior managers especially from personnel.
Union representatives also described a good relationship, suggesting that it was “generally civilised and not militant” which they believed could actually prove counterproductive as the following comments illustrate:

“...we work in liaison...not confrontational...we are not that kind of Union”
“...a dovetailing of interests...we know the business has to be successful as well”
“It’s pretty civilised. I don’t get involved there, obviously but I feel it’s civilised, yes a good relationship.”
“You don’t see what goes on, behind the scenes when they have meetings about pay and all that. I’d like to think it’s a nice positive relationship, and a productive one, but obviously you have got BuSoc on the one side wanting to do this, and the union saying no we want to do this, so I’d like to see what’s really like in the heat of the battle”.  

(Union representatives)

Union representatives were dismissive of adversarial relationships, and most used terms such as ‘civilised’ but ‘challenging’ to describe the relationship. It is worth noting that representatives tended to define partnership in terms of a choice between a militant versus a co-operative approach.

**Representative-manager relationships**

It was suggested by both management and union respondents that despite a fairly robust senior management/union relationship, the failing point is ‘old-school’ middle management, who still view union involvement as unnecessary or inconvenient. According to the Individual Case Officer the situation has improved but still requires more work. As she explained:

“In general terms I think it’s a lot better....but I think with changes in hierarchy, there has been a lot more understanding of what the union is trying to do. I feel there are still certain people in here, that have a quite hostile attitude to unions. We are here to cause trouble”. (Individual Case Officer).

As the Employee Relations Manager explained, middle management may sometimes perceive agreed policies to be awkward or barriers, and they may seem like an impediment to ‘good’ business decision making. As such, “the union may therefore be perceived to be a bit of a thorn in their side”. He suggested that this was actually short-sighted, however, and that managers should be pleased to be working with a generally co-operative internal union, rather than a national union. Moreover, there was evidence to support the notion that some middle managers
were not convinced by the relevance of the union. As the call centre manager remarked:

“I don’t think we have an adversarial relationship with the union, it’s just part of life and I accept it as such…I don’t know how relevant people see it to be. I’m not the person to ask because I’m not a member anymore. I got fed up with what they were doing for me, which was actually nothing…I don’t see much relevance to it” (Call centre manager).

Indeed, there was evidence to suggest that some managers were hostile to the union because several years ago they had left because in a personal capacity they had deemed it ineffective at negotiating pay. There was certainly evidence to suggest the call centre manager in particular had a particular grudge against the union, as well as further evidence that this may not have been an isolated case. The disinterest of middle managers was also a topic of discussion at a recent union Area Council Meeting. The Call Centre Manager expressed a feeling that legislation means that the discipline and grievance process is now “very long winded, it seems like there all sorts of barriers put in the way of line managers to actually manage the business effectively. There is obviously a good reason but it’s not always apparent”. He argued that the government and Europe in particular is “more keen on employee rights” and that in general the business is very risk averse, and would avoid an employment tribunal at all costs, even when they have a solid case with regard to a poor performing employee. One of his main objections was that discipline and grievance procedures make it very difficult to end the contracts of underperforming staff, mirroring some of the tensions highlighted in the NatBank case:

“If you want to get rid of someone who is not good, even if they have just joined you need to get into a process with many steps, eventually a hearing between you, the people and the union...It can be very frustrating, someone is constantly sick on a Monday, and results are not good. They don’t give a damn about working here but you can’t do much about it...it’s just a very long winded process...you just want to say goodbye to this person (Call centre manager).

Given the mixed managerial attitudes to the union, it is unsurprising that the relationships between union representatives was also mixed. As one representative working in the call centre explained:

“I can say what I feel, I can ask them if they have a spare 5 minutes. I don’t think there is a problem. I know I can say to either of them I need some time, can we discuss something. And they’ll say yes. I don’t find it a problem” (Union representative).
Another call centre representative was less sure, suggesting that she “would like to think we have a good relationship but I don’t know”. There was evidence of representatives experiencing difficulties with managers who were not supportive of the union, particularly in the call centre. As a representative explained:

“I think the manager/rep relationship is good except for the really negative senior manager and he’s just really hard. He’s not interested in the union at all so I won’t go and see him; if I need something I’ll go and see the other one. What their personal feelings are and how they handle it affects how they deal with you” (Union representative).

She also explained that following the centre refurbishment the manager had declined her request to put the union notice board back up, ostensibly for aesthetic reasons:

“They don’t like you putting up anything about the union around the call centre now. Posters and leaflets. So we have to sneak them up when no-one is looking. Our department has been refurbished. It’s all purple and ‘new and wonderful’. They don’t want a crappy notice board on their new purple walls apparently” (Union representative)

Employee and union representatives

The relationship between employees and representatives appeared to be very limited. Most of the employees interviewed were uncertain of who there representative was. Conversely, attendance at an Area Council meeting confirmed that many representatives were also unsure of who their constituents were. At the Area Council meeting, representatives presented their ‘constituency reports’, which outlined that in fact most had not been active in the six months prior to the meeting. In general, the role of a constituency representative at the Administration Centre appeared to be extremely limited. Nevertheless, employees perceived the union-management relationship to be generally co-operative, although most admitted they could not say for certain, due to a lack of knowledge:

“I think it’s amicable. I’m not sure but I’d say so. You get more done on a friendly basis”.

“I think they work closely, I think the relationship is quite amicable between the union and the society. They are not a militant union”(Employee Focus Groups).

Again, the nature of union communications may also partly explain the employees lack of knowledge. Union newsletters and magazines appeared to only offer very limited factual information such as the number of discipline and grievance cases, employment trends, prize draw winners and adverts to fill the many representative vacancies available.
Issues and decision making

In comparison to the other case organisations the pace of change at BuSoc in the five years preceding the research appeared to have been more incremental and less radical. A key objective of the research was to explore the way some key issues have been handled in each organisation in order to enrich understanding of the reality of the partnership process. These are discussed in following section. The section begins with a discussion of traditional union issues such as pay and working conditions, and discipline and grievance, and then reviews some other issues specific to the company.

1. Pay and working conditions

Unsurprisingly, the negotiation of pay and conditions was considered to be one of the main union issues by management, union officials and employees alike. In 2005 staff received increases worth 3.93% of the paybill, and a corporate bonus of 12.8%. This was described as an “excellent overall settlement” by the General Secretary.

<table>
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<th>Target (market)</th>
<th>Maximum</th>
<th>Level</th>
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Source: Internal documentation

However, the Union General Secretary expressed great concern that BuSoc have been “holding down” basic pay and placing increased emphasis on the use of bonus pay. As he explained, “ultimately people will recognise that actually their pay in the market place is dropping behind, because they are getting bonus pay rather than pay which goes on their salary, and pay going into their pension. It really pisses me off!.”. The issue centres around the fact that basic pay is formally negotiated with the
union, but the bonus is not on the list of formal negotiable items. The union remains resolutely opposed to the increased use in bonus pay, viewing it as sacrificing basic pay, and resulting in a stealth diminution in terms and conditions, and increased vulnerability for employees. Although the bonus scheme is not a formally negotiable item, union officials suggested this has not prevented the union from raising issues and concerns regarding the operation of the various bonus schemes.

A senior collections manager argued that bonus dependent pay was creating a recruitment problem in her department. She speculated that when people are searching for a job they make bottom line salary comparisons and therefore consider BuSoc to offer low pay because they do not factor in the benefits and bonus scheme. There is evidence to suggest that this has changed in recent months as current job adverts for collections advisers promise an overall ‘package of 14k to 17k’, whereas older recruitment literature advertise ’12.5k basic salary + bonuses’.

For many employees, the role of the union is predominantly negotiating pay rises. As some employees remarked:

“I am part of the union, but I do always tend to think the union – probably wrongly – is there for more important issues like your pay rise, if you’ve got something you are really objecting to. My last port of call. If something was really bad they are there”

“We just got a rise the other week, and they’ve been fighting to get our standard pay up and stuff. They do a lot on our behalf behind the scenes. I’m aware of what they do” (Employee Focus Groups).

Team managers suggested that generally employee opinion on BuSoc as a place to work is sharply divided on the basis of those who are – and those who are not achieving their bonuses, and there was evidence to support this notion. Again, this reflects the notion of ‘winners’ and ‘losers’ discussed in the NatBank case. Among employees, bonuses remained a controversial topic. Employees cited examples of departments where employees often achieve 300%, and others where employees seldom meet their targets. Employees also acknowledged that overall they have a good package of terms and conditions, but that their basic pay appears to be low compared to other local employers.
The union have also been involved in improving the holiday purchase scheme. The ability to buy extra holidays appeared to be applied inconsistently by middle managers, some of whom would normally accept requests, while others would invariably decline requests. The Union President commented how the union had been involved in making the process clearer and fairer, and ensuring that it is applied in a more consistent manner, whereas before it could be “at the whim of a manager”. Previously the wording was that you had to ‘agree’ with your line manager but this was changed to you need to ‘discuss’ holiday purchase options with your line manager.

2. Discipline and grievance

Discipline and grievance situations were another key area where the union had close involvement with the Society. In the first six months of 2006 for example, the union dealt with over 100 such cases. Union members subject to disciplinary proceedings would normally have the assistance of a lay disciplinary officer, or a union employed Individual Case Officer. Individual Case Officers are employed to “protect and promote the interests of the union members”. Duties include representing members at hearings, providing advice to members, consulting with local managers and promoting the union within BuSoc. According to the ICO, typical disputes include holidays, time off to care for sick children, appeals against appraisal ratings, and disagreements over performance ratings. When discussing the reputation BuSoc appears to hold as a good employer, she remarked how, “It’s not as good as it’s PR, otherwise I wouldn’t be so busy”. She explained that typically ICO’s deal with cases where the policy is X but for some reason a minority of employees need X + Y because of specific circumstances which do not fit with policy. She stressed the need for the union to have a collaborative approach with management to achieve this. Conversely, she suggested that the management may ask for ‘help’ to arrange a mutual termination, because if they push for it they could be accused of constructive dismissal. In other words, there appeared to be some ‘give and take’. She described her role as one of mediator following a breakdown in
dialogue, but the main interaction is with union members who have an individual issue. Individual case officers would normally not be involved with collective union issues.

She suggested that case loads keep increasing, with currently around 300 disciplinaries per year which she described as “an amazing statistic”. In 2004 50 employees were dismissed from the Society, typically because of unauthorised transactions on their own accounts, or after the expiry of Prolonged Sickness Benefit. An article in the union newsletter confirmed union concerns over the levels of such cases, and urged employees to follow due processes to avoid cases arising.

For team managers interaction with the union mostly concerned disciplinary cases concerning a member of their team, most often in relation to performance related issues. They viewed the union roles primarily as one to oversee see that such cases are handled fairly and employees are treated consistently.

3. Managing change

The third main issue concerns the management of change within the organisation. The research highlighted seven main issues which were topical: outsourcing; pensions; performance management; work-life balance; relocation assistance; home working and healthcare provision. These are now examined in turn.

i) Off-shoring and redundancy

Contrary to the current trend towards off-shoring of customer service roles in the financial service sector as illustrated by the NatBank case, BuSoc has committed to keeping call centres in the UK and has recently opened a new contact centre in the North of England. In total, around 1000 employees work in BuSoc contact centres, and these numbers have actually increased in recent years. The Chief Executive argued in a company statement that offshoring is an inappropriate strategy for the organisation:

BuSoc is a mutual with strong links to the communities in which we operate, and we have no plans to desert these local communities in favour of overseas call centres…call centres abroad may suit some of our competitors, but they are not the right option for BuSoc and we are aware
of some commentators’ concerns that some countries may not have the same level of data protection for consumers that exists in the UK.”

The union suggest that these public announcements have helped to alleviate concerns regarding job security at the administration centres. However, there was no evidence from the union that the decision was the direct result of a management-union agreement. There was the suggestion by the Call Centre Manager that historically BuSoc have never really had big redundancy programmes like other financial service organisations. As he explained, “we don’t have big redundancy programmes any more. There are some but they go out of their way to try and offer something else to someone who has been displaced”. As Personnel Consultant echoed this view suggesting that, “you have to do something really quite bad to find yourself not working for us anymore”, making it difficult to distinguish between employer goodwill and union influence. Team managers also suggested that generally there was a feeling of job security among employees because consumer borrowing is high, and the company has on several occasions committed to maintaining and even expanding UK operations. They suggested that where redundancies do occur there is a need to think in advance about the impact on people, and argued that the Union had been fully involved in previous redundancies.

As the Personnel Consultant commented:

Things like that are never nice within a department, but for the business things change. There was never any feeling of God, how can they treat people like that? They made sure the people it affected had lots of support, lots of involvement with the union, knew the reason it was done and lots of support to find new jobs as well”.

The sense of job security was confirmed by the employee focus group statements.

As employees explained:

“BuSoc is a safe company to work for. I don’t think there is any chance of this centre moving to India – the fact that the business wouldn’t run as effectively, you can’t move years of experience onto new heads” (Employee Focus Group)

“There is a lot of job security. They said as soon as people started moving out there that they’d never do it” (Employee Focus Group).

There is also a formal commitment in the form of the BuSoc SERA agreement, resonating with the employment security arrangements often agreed as part of formal partnership agreements. The key provisions are that:
- All statutory requirements are met
- The business rationale for change is sound and can be justified.
- That individual consultation is conducted properly and that employees views are taken into account
- All alternatives to redundancies are properly considered to redundancies minimum.
- The business calls for volunteers for redundancy or if this is not possible, that the selection process for:
  - Determining redundancies is fair and carried out properly.
  - Decisions are communicated sensitively and effectively.
- The severance terms available to employees provide reasonable compensation for loss of earnings.
- Support is made available both at the time that the possible redundancies are announced and when the decision is confirmed. This includes:
  - Sufficient time-off is given to enable an individual to look for jobs or attend interviews
  - Outplacement support is available if required
  - Counselling services made available if required
- Above all, the unions approach is to ensure that people are treated fairly
ii) Pensions

A second topical issue concerned pensions. BuSoc decided to end the Final Salary Pension Scheme for new joiners from December 2002, and introduced a Career Average Revalued Earning (CARE) Scheme. This was cited by all union officials as the last major conflict between the union and the management, and as such was identified as the ‘critical incident’ in recent years. Reportedly, the union was not consulted on this decision, and promptly circulated a scathing communication entitled “A Bleak Day”. The Employee Relations Manager acknowledged that “the union were effectively informed that’s what we were going to do”, and suggested they would have preferred to have explored alternatives such as increasing employee contributions. He argued that while the union were upset because of a lack of consultation, management were also upset because “it seemed to paint us as being villains when actually the overall package available to employees is still very good. And we’ve not withdrawn it for existing employees; we are still maintaining it”. He suggested that this was a significant low point in employment relations, but that it has improved since the appointment of a more ‘people-focused’ Chief Executive.

The General Secretary, who also explained how the union were simply ‘informed’ of the decision, suggested that the previous Chief Executive was perceived to be very business-focused, demonstrating less concern for employee welfare. He also reinforced the view that the relationship at the time was very poor:

“It got very nasty….I think the current Chief Executive wouldn’t do it. I genuinely think there would be an attempt to find an accommodation. Rather than, well we will just do it anyway, Which is what happened in October 2001. I genuinely think that wouldn’t happen today” (General Secretary).

He argued that although the union view was that the changes were both unnecessary and unfair, the union had no grounds to challenge the decision on legal grounds:

“So our ability to go out and attack them publicly was severely diminished…so while we had a real go at them, they didn’t like it, our ability to get BuSoc members on [our] side was non-existent ”. The bank argued that it was to bring certainty to their future costs (Union General Secretary).

The union remained unhappy that the decision created ‘tiers’ of employment conditions which depended upon when you joined the organisation, and this still
“pisses off” the General Secretary. He still believes there was insufficient business justification for the change arguing how: “BuSoc will tell you they did what they had to do for their balance sheet. We didn’t think they had to do any of those things”. However, he suggested that things have since improved, especially with the appointment of the new Chief Executive with whom the General Secretary suggested he had established a very positive relationship. As he explained:

“They didn’t want to talk to us about pensions. Now it’s a genuine dialogue about securing this scheme moving forward. I’d like to think we’ve secured the future of the fund. I mean you can’t say categorically but hopefully. That’s an illustration of where it was from bad to good” (Union General Secretary).

The President suggested the Society are still fully aware of the union goal of having all employees back on the Final Salary Pension scheme. The Personnel Director was evidently aware of this, and said she “expected them to keep mentioning it” and that “sometimes you do things that aren’t going to be popular”. Examination of recent documentation suggests that changes to the pension scheme are a matter of ongoing debate between senior HR and the union 4 years after the change was made. Examined in terms of outcome alone, this could perhaps be viewed as evidence of partnership failing. However, given that similar measures have been taken in many other organisations despite union protestations, it would be over simplistic to conclude that this was a result of union weakness or co-option. Rather, the main issue is that the process of partnership, in terms of consultation and actor attitudes and behaviours appears to have failed, as the company introduced a significant and controversial change apparently without consulting the union.

iii) Performance management system

Conversely, the design of a new performance management system was reported to be a successful demonstration of a more open partnership approach to decision-making. The Employee Relations Manager suggested that the “union were onboard at the beginning”, and were said to have had a lot of input in relation to the performance related pay scheme, involving many discussions over a long period of time. This was supported by evidence obtained from the union. The union wanted the new system to be clearer and more motivational. Previous ratings, for example, were ‘good’, ‘excellent’ and ‘exceptional’, and this was changed to ‘making a
difference’, ‘outstanding’ and ‘inspirational’. The career discussion was also made an optional part of the process in direct response to feedback from members of the union. The forms were also simplified and a new ‘Employee Proposition’ was introduced outlining more clearly what employees can expect, and what the society expects from the employee. As the union President commented “a large part of what’s there now bears direct relation to what we were saying”.

Similarly as the Employee Relations Manager commented “The union were onboard with that right from the very beginning, and a lot of their objectives ended up in the final product…it’s been a very good example of working well”. Team managers also acknowledged that the union were heavily involved with the new performance management system explaining how “we had a new appraisal system introduced. The union were very much involved in making sure that things were fair, everybody was treated fairly and the new system was the right way to go”. However, the President did suggest that being heavily involved in decision-making can be a risky strategy, suggesting that, “it’s a bit of a dangerous strategy because if it all goes belly up or is perceived as unfair, and we were party to it, that is a stick with which members and non-members will hit us. And if it works we’ll get no thanks for it (!)”.

To illustrate the operation of the new scheme, in 2005 staff who were ‘making a difference’ received a 3.5% increase, ‘outstanding’ 5.25% increase and ‘inspirational’ an 8% increase. Clearly, the outcome of these awards is of great importance to employees given the increasing emphasis upon bonuses as a component of pay. However union concerns remained around the performance management, and the related organisational culture programme of assessing employee behaviours, known as ‘Pride’:

- Put members first
- Rise to the challenge
- Inspire confidence
- Deliver best value
- Exceed expectations
Union interviewees suggested that the framework had almost become a bullying used by some line managers. As the General Secretary explained, the programme was “originally designed to be motivational, teambuilding and so on and has now become almost a stick that managers are beating people with”. The ongoing importance of this issue was supported by union literature. For example where employees would not work late on an unpaid basis to meet a surge in business demand, they may be marked down as having a negative ‘Pride’ attitude. Again, this was an ongoing issue at the time of the research.

iv) Work-life balance issues

In terms of work-life balance issues such as the provision of maternity leave, paternity leave, flexible working, sick pay etc BuSoc exceeds the minimum legal requirements. These superior terms are highlighted in union recruitment materials as examples of union achievements for their membership, and the union suggested they have been actively involved in these negotiations. Management suggested that given the employee profile of female and part-time workers culturally this has always been very important. Employees regularly cited this as one of the main benefits of working for BuSoc as opposed to other local employers. Flexible working opportunities are available to all employees. For maternity and adoption leave BuSoc offers 10 weeks of full pay, paternity 2 weeks full pay and carer’s leave/unpaid leave for up to six months. Other benefits included:

- Part-time/reduced hours
- Annual hours
- Term-time working
- Home-working
- Flexitime
- Short-term adjustments
- Maternity leave paid 10 weeks, unpaid 1 year
- £200 return-to-work bonus after maternity leave
- Paternity leave two weeks full pay
- Adoption leave
- IVF leave
- Career breaks
Currently there are also 150 home-workers and 70 term-time workers. Initially these options were targeted at working mothers, but increasingly more single men and women are taking advantage of such flexible options as well. Such policies were presented by the union as examples of their achievements in terms of ensuring a good deal for employees, and as examples of where the union and management have worked in a more co-operative manner to jointly design mutually acceptable HR policies.

\textit{v) Relocation assistance}

Relocation assistance was another issue negotiated by the union. The union wanted relocation assistance to apply to everybody thus providing lower grade staff with greater career opportunities. Previously, the relocation package was very generous for senior staff, but for lower grade workers relocation was unlikely to be a viable option because of the financial implications and lack of company support. Now relocation assistance applies to all employees. The upshot of this is that senior staff do not get the very high assistance they used to receive, as it has been spread out more evenly. On the other hand, it means workers at lower grades genuinely have the opportunity of relocation should they so wish. The President suggested this is another good example of working together to achieve mutual gains, as it helped the Society save money, and it has also made relocation and therefore further career opportunities a more realistic proposition for lower grade employees who may have been displaced or are seeking promotion. As the General Secretary remarked:

“It’s another example of working together with a shared objective. BuSoc wanted to save money. It was to help them to save money. But you have got to it on the basis of what we are looking for. And we spent months just working it through” (Union General Secretary).

\textit{vi) Home-working}

Homeworking is described by BuSoc as an important component of their flexible working options, and typical homeworking roles include technology development and mortgage lending control. In the late 1990s the policy was reviewed by a working group including corporate and operational personnel specialists, union officials, an insurance risk assessor, health and safety advisor and space consultant.
The home-working policy had to be re-designed as the previous policy was thought to be too vague and complicated, meaning that line managers were reluctant to provide homeworking contracts. For example there were requests from employees who wished to work hundreds of miles from their previous office, and this created many problems for the business. They have since re-designed a range of different homeworking contracts. This was cited by managers and union officials as another good example of working together with a common goal with both a good business and people rationale. For the company there was said to be a clear business rationale for working from home in terms of office space, as well as being seen to be a modern employer in terms of corporate social responsibility. The union believed it made sense to give people the opportunity to work from home, when their job does not require them to work from the office. This means an agreement can be reached where workers have a formal homeworking agreement, i.e. they work from home permanently, or informally, where they have the option of working from home on an ad hoc basis. The union also agreed a Homeworking Allowance to contribute to domestic heating and lighting costs. The development of homeworking policy was cited as a good example of where there had been extensive involvement of the Union President and Union General Secretary.

vii) Healthcare

The business has been keen to change the healthcare policy from an insurance scheme to a trust agreement, and this has been opposed by the union “lock, stock and barrel”. Previously, healthcare was not a negotiable item, but the General Secretary explained that, by ending union opposition to the trust agreement in the short-term, he had managed to “get it added to the list”, giving the union more influence over this issue in the long-term:

As a result of that they have a made a number of quite key concessions to us. Not least of all they are going to make the healthcare scheme a negotiable item. Which means when we disagree we can go to arbitration. So on the basis of doing that, they’ll get what they want and we’ve actually come out with far more ability to influence the health scheme. Far more than we can do today. And its all just been done by a little bit manoeuvring here and there. I’m quite pleased with that (General Secretary).

He suggested that overall the sacrifice was worth it, because now they have a stronger position in terms of influencing future healthcare policy, and that the
change is crucial as before “they may [have] decide[d] just to totally ignore us because they are not obliged to get our signature to it”, whereas now the union can take the employer to Acas arbitration in the event of a disagreement, again underlining how powerful the ability to take the employer to Acas appears to be.

**Outcomes**

To summarise, it is argued that there was sufficient prima facie evidence to suggest that the BuSoc/staff union arrangements could be seen to meet the criteria for partnership. However, given that this is a relationship which has evolved slowly over time, there is no direct comparison with employment relations ‘pre-partnership’. The main benefits of the collaborative working relationship forged between management and the union at BuSoc can be summed up as follows:

1. **Influence and regulation of decision-making**

Firstly, management and union respondents generally agreed that by working together on proposals and decisions, they are more able to formulate decisions which take into account the business case as well as the implications for - and likely reactions - of grassroots employees. However, the evidence suggested that in reality it was much more difficult to ascertain the regulatory effect of the union in this particular case. The clash over the end of the final salary pension scheme, which was agreed to have been the most significant incident in recent years, appeared to demonstrate few characteristics of a partnership approach in terms of decision making or relationships, and casts doubts over the quality of the relationships between key actors at the time.

2. **Better employment relations**

Concomitantly, it was argued by management and union officials that a partnership approach leads to a generally improved quality of employment relations. At the
Administration Centre under study employment relations have generally been calmer than in the branches, but both parties still agreed that the regulation the union-management relationship affords, serves to minimise employee resistance as policies are normally planned in detail before they are implemented. However, much of negotiations regarding formal changes to HR policies and procedures appeared to be occurring at a very senior level. Accordingly, most employees, line managers and union representatives demonstrated very little knowledge about how decisions about high level corporate personnel were negotiated or decided.

3. Collaborative relationships

Another outcome of the approach was said to be good collaborative relationships at a senior level between the senior union official and senior management. Much hinged upon the dynamics of this relationship. At the time of the research, the relationship between the union General Secretary and Chief Executive appeared to be very good. However in this case, there was much less evidence of partnership behaviours and attitudes associated with a partnership approach, and evidence to suggest the ‘partnership’ had very little depth.

Challenges

Despite the advantages many challenges remained. These include the lack of an agreed common approach to employment relations, embedding a partnership culture throughout the organisation, representative efficacy and the resistance to adversity. These four themes are now examined in turn.

1. Lack of agreement on a common employment relations approach

Management and the union agreed that the current management-union agreement is old-fashioned. It was said to assume conflict and clashes, and to focus upon on what to do when talks fail, and what can and cannot be taken to Acas for arbitration. The agenda was also narrow, with formal distinctions between negotiable and non-
negotiable items. In other words, they have a traditional recognition and procedural agreement. Equally, at the time of the research it seemed highly unlikely that the agreement would be changed, and the Union President suggested that a new modern agreement was highly unlikely to be branded as a ‘partnership agreement’, for fear of the negative response of members who may perceive the union to be in management’s pocket. To an extent there appeared to a lack of a clear approach. On the one hand the union endorsed a challenging but collaborative approach to the management of employment relations, and were particularly critical of the formal division between negotiation and consultation. On the other hand, they were extremely weary of going down the formal partnership route for fear of appearing to be bought in. This appeared to relate to union debate in the mid-1990s about staff association being perceived as weak, and the need to re-badge the organisation as a staff union to reinforce perceptions of strength and independence. In short, working without a common understanding of approach appeared to be an important challenge.

2. Embedding a partnership culture

Embedding a partnership culture throughout the organisation was another challenge, and employee apathy and middle management resistance were both problematic. In addition there was less evidence of strong workplace activism as in the NatBank case. Employee apathy was a problem particularly within the context of the Administration Centre under study. The Individual Case Officer whose role includes trying to recruit at inductions, explained that younger employees now have very little knowledge of trade unions. She joked that at least before they would cite the miners’ strike as an example if she asked what a union was, but suggests that now she gets a blank “rabbit in the headlights” look when trying to recruit younger members. The lack of interest was also attributed to the unitarist logic that – if BuSoc is such a ‘good employer’ - why is there a need to join a union? Some experienced employees did suggest that they believed that BuSoc was a good place to work, and in many respects this appeared to explain a lack of interest in the union, in other words a low perception of risk. This leads to the possibility that people are more interest in unions when they perceive greater risk. Theoretically,
this would create problems for a successful union working with a good employer, as employees may not want to join, irrespective of how influential the union are.

The Employee Relations Manager suggested that there is still a sense that being involved in the union could be career limiting or that an employee involved in the union could be viewed as “a bit of a liability” by their line managers. There was employee evidence to suggests that some employees held this point of view, which is contrary to the mutual legitimacy associated with partnership. As one employee remarked, “I would also feel that, once you have been to the union, and its found out that you have been to the union, you are a troublemaker. It would always stay with you that you were prepared to go and speak to the union about something”. This reinforces the point that there is a lack of a strong espoused vision to the management of employment relations, which raises the importance of promoting union legitimacy if strong partnership is to be achieved. The call centre manager had a different explanation of the lack of interest, and that “a lot of people are just not interested. They just want to come and do their job and go home”. A personnel consultant expressed a similar view explaining how, “in some of the larger departments they probably don’t who their union rep is or who the health and safety person is. Most people come in, do their job and go home”. Responses from the employee focus groups suggested that there was generally a feeling that the employer was reasonably caring and considerate, and that jobs were secure, meaning that union issues are low down their list of priorities. There was a belief among many employees that they could “just meddle along”. As a representative summed up, “I think it just rumbles along and people are complacent. Until issues happen people don’t really think about the union”. In other words, does partnership require some workplace turbulence to ignite interest?

A second challenge concerned line managers. The Employee Relations Manager acknowledged that normally middle management were the least receptive to union involvement, particularly in the contact centre, and the contact centre representatives agreed that they had difficulties with an anti-union manager. The Employee Relations Manager proposed that many managers still do not appreciate
the useful function the union can play. As he commented, “Whether our senior managers see the union as a useful business partner as opposed to an irritation and an inconvenience I’m not sure. But I think they should see it as a useful business partner”. In particular, he argued that the managers should be happy to be working with the staff union rather than an organisation like Amicus which he suggested may be less co-operative. This is a negative rather than positive rationale. Again, this means there are limits to viewing this case as a partnership.

The Union Individual Case Officer speculated that often the disciplinary and grievance issues arise because the situations are mishandled at middle management level, and do not follow the formal policy agreed between senior management and the union. As she explained, “I genuinely believe there is the will to get it right. I think the trouble is it gets stuck in middle management. A lot of work to be done to ensure that the policies that are devised and agree with the union do get carried out the way they are meant to”. Similarly, a Personnel Consultant felt that his role involves correcting issues “getting lost in translation” whereby despite top management commitment to certain organisational policies, there is a lack of support further down the line at middle management level. Another interesting angle is that there was evidence to suggest that some middle managers were worried about increased involvement raising employee expectations too much, which they believed may lead to disillusionment. This notion is illustrated by the comments below:

“My concern is that they [employees] expect so much from us. And the more we do the higher expectations people have. And it’s trying to manage peoples expectations, and get them to look at what the reality is. People can forget how much involvement they have actually had” (Senior collections manager).

“If we could find a way to involve employees that didn’t unduly raise expectations that we would be able to do everything they wanted us to do, then I’d be happy to look for those. But I can’t see what it looks like. I can’t visualise it…I think if you raise someone’s expectations that they will have a voice, well yes they have a voice, and will be listened to, but we still might do what we were planning to do. And then you have a load of people who think we don’t listen to them” (Call centre manager)

3. Representative efficacy

The third hurdle concerns issues of representative efficacy. Firstly, discussions with the representatives highlighted a general lack of visibility of the union, and a feeling
that many members were primarily concerned with being part of the monthly member staff draw, rather than an interest in or knowledge of the union per se. Indeed, in the contact centres the representatives admitted that recruitment was extremely difficult as the environment makes it difficult to talk to employees, and the high staff turnover makes it difficult to keep up. The Union President suggested that there was often a difficulty selling the successes of the union because so much happens behind closed doors, and remains completely unknown to the grassroots. He argued that it is difficult to advertise the success of proposals which have been abandoned because of union influence. As he remarked “We might think it’s a bloody good achievement, but how do we actually get the message across? We don’t. It’s hard. It’s very hard”.

Secondly, communication was another significant problem in particular between representatives and their members, but also between members and the central union. For example, members cannot send emails to the union through the BuSoc network, and the union are also unable to email members through the company email system. The union website is also poor, although money had been won from the DTI Union Modernisation Fund towards a more comprehensive and useful site. Some representatives admitted seldom seeking feedback from members on issues. Again, this was described as difficult especially in the call centre environment. The representatives did not seem to have reliable information as to who and who was not a union member, and the lack of email mailing lists meant email communication is difficult and time consuming.

There was also an admission of communication between management and the union failing on occasion. The Employee Relations Manager explained that this is sometimes a result of the disparity between the size of the organisation and the resources of the union. As he explained,

“While we try to involve the union at an early stage, sometimes they find they get sent something, and it says would you read this and mind commenting to us, oh and by the way we’re going to issue it two days time, and of course they have a very small team and they just don’t have time almost to even read the thing, let alone make constructive comments and get involved in the change” (Employee Relations Manager).
A third issue concerns the quality of the union representatives. The Union President admitted that some of the representatives were lacking in confidence, in the role for wrong reasons, or simply uncommitted. He joked that there were some “people in the wrong post for them…they wouldn’t say boo to a goose”. This was a particular concern given that they needed confident and capable representatives to join the new Employee Involvement Committee structure, “otherwise it could undermine the entire process”. The Union President questioned the capability of some of the representatives at sitting on committees with senior members of the management team, and admitted long-standing recruitment problems. Recruitment problems were reinforced by the fact that there were long lists of vacancies in union publications. Worryingly, representatives complained of often feeling “out of their depth” and “feeling steamrolled” when members approached them with queries. One representative explained how when approached by a member with a query she advised him to “go and speak to the union”, resulting in the bemused response, “but aren’t you the union?”. There were also representatives who were clearly unaware of which constituency they represented! During the representative interviews it was clear that many only had a very limited knowledge of business issues. The Individual Case Officer acknowledged that representatives were unwilling to create too much of a “rumble” to avoid any negative repercussions. This leads to questions of union legitimacy at a middle management level.

There also appeared to be a lack of time and limited confidence of representatives. Several proposed that they could benefit from more time for union duties and training. Others appeared to believe that ‘management knows best’. Some representatives admitted spending little time on union business suggesting nonchalantly “I don’t have time factored in for union business, it’s just as and when”. The following quote illustrates the attitude that there is not much representatives can do with the issue of call centre targets:

“They just put our targets up and a lot of people weren’t happy with it. It’s one of those things where you got to the meeting, and they’ve probably already looked at it. They’ve looked at it, worked out whether it’s feasible, things like that. So sometimes, if you have members moaning, there is not much you can do” (Union representative).

A lack of confidence is also reflected the quote below from another representative:
“I’d like to think in the ideal world it’d have some impact but they are senior management. I’m not. They’ve obviously implemented something. They don’t just implement it. They normally spend ages looking into it – the cost, the money and so on” (Union representative).

Some representatives did not like trying to recruit new members, arguing that they did not think people would appreciate it, or that they did not have the time to do it. Many did not really appear to be in touch with member opinion, describing difficulties “collecting and collating all the information”. The Area Officer acknowledged that “there is a need to get the reps active again...they are not actively recruiting or taking up issues”. This was attributed to the pressures of work. Clearly, there was an urgent need to establish a stronger cadre of representatives to sit on committees on the new EIC. This view was echoed by a Personnel Consultant who suggested that the union is small, and they do not have many union officials, but rely on a network of lay representatives who “vary in their ability to promote the union in the right way”. He suggested that they needed more people “selling and being able to work at the coalface”, but acknowledged that sometimes the problem is a lack of time for the representatives. The union also admitted that often they have problems recruiting suitable constituency representatives because of a “career down the pan mentality”. Two representatives speculated that some employees believed it was disloyal to get actively involved with the union as representatives because the employer was “so paternalistic”.

Management and union respondents agreed that there is a need for more people who have a keen interest as opposed to people who were reluctantly nominated. There were clearly worries about how the new structure will work in practice. A Personnel Consultant suggested that there is a need to ensure the new EIC committee does not become too bureaucratic or “Just another committee/just another meeting”. The General Secretary suggested a need to ensure the new committees do not just become a “whinging session” but to bring solutions to the table. He suggested that representatives lack influence skills/reasoned debate in the problem-solving sessions so they can be ineffective and that some are doing it for the wrong reasons because they have a personal issue.
The final issue concerns the limited scope breadth and depth of representation. It was accepted by management and senior union interviewees that there was a need to widen the scope of involvement, and it was hoped that this would be achieved through the creation of a new ‘Employee Involvement Committee’. They admitted that the current focus is very much on company-wide personnel issues, and legally falls short of the demands of the Information and Consultation Directive. It was argued that there was a need for more exchange of business information (performance, strategy, finances, corporate initiatives) further down the organisational hierarchy, and more involvement in day-to-day issues. There was the hope that the new EIC would redress the balance so that the union was not necessarily ‘the General Secretary’, again underlining the lack of a supporting infrastructure. While the informal relationships are valuable it was believed there was a need for a less centralised arrangement that could better meet the challenges of succession. It could be speculated, however, that the General Secretary has such a wide remit because he is the only negotiating officer not formally employed by the Society.

4. Resistance to adversity

There were also concerns in relation to the ability of the current structures and processes to deal with a major event or crisis. There was an agreement that demutualization could result in a significant change in focus. The General Secretary suggested that currently the business has a high cost/income ratio putting profit into member value rather than shareholders, and de-mutualisation could mean a harsher focus on cutting costs as in other financial service organisations. He explained that BuSoc plan to reduce cost income ratio to 55% by 2007 and that currently “a £500 million profit in a £120 billion organisation is not a lot”. A similar view was taken by the Personnel Director who proposed that demutualization could mean that “gradually we’d go from having a member base to having a shareholder base. And suddenly everything would be geared towards maximising profit for the shareholders”. This was also perceived to be a risk by a Team Manager in Lending Control:
“The only thing I would say is that if BuSoc ever decided to change track, the senior management team at the moment are committed to mutuality and the benefits it brings, but if at some stage in the future there was a case for changing that we could have a complete change of track where profit becomes the main driver. I could see that as a potential problem”. (Team manager)

Another team manager expressed a similar view:

“We don’t have the pressure of shareholders. Literally whatever we earn we can plough back into the business, into employees, into members. That makes a difference. You hear of people who have been converted or taken over and things are never quite as nice as they were before. I would believe it does make a difference” (Team manager).

Other concerns included succession. Given that the structure is reliant upon the involvement of key figures, there were concerns that succession would be extremely difficult. The Chief Executive is due to retire soon, and the Union General Secretary may also retire in the next few years, and there were concerns of the impact of the knowledge and relationships that would be lost. This challenge has been acknowledged by the management and union, and efforts are currently underway to introduce a broader structure. This has included the creation of an additional Assistant General Secretary role, to cultivate individuals capable of succeeding the current General Secretary.

**Conclusions**

This chapter has presented the findings of the second case study conducted at BuSoc. The case is interesting for several reasons. Although there was no formal partnership agreement between the staff union and the employer, there was prima facie evidence to suggested that the arrangement may have qualified as partnership, for example because of the long history of co-operative relationships between the employer and the staff union, and commitments similar to many of the TUC principles of partnership. For example there are explicit commitments regarding the legitimacy of the union, employment security and the quality of working life, with BuSoc exceeding most statutory minimum requirements. Although the formal term partnership is not used, managers and union officials suggested that the relationship could be described as ‘partnership-style’. Employment relations have also traditionally been stable and BuSoc, like most building societies, has traditionally been considered to be an enlightened, paternalistic employer. Mutuality also
appears to have partially insulated BuSoc from the stock market pressures experienced at NatBank, and as BuSoc has not had to make such tough decisions.

Yet in terms of relationships, the key relationships were centralised around an elite core of senior union officials and the senior management team, in contrast to the decentralised system identified at NatBank. Relationships between representatives and managers were very limited, as were relationships between employees and union representatives. Indeed, the role of union representatives on a day-to-day basis was narrow with many admitting they spend very little time on union activities.

In terms of issues and decision making, the union focus was very much on pay and conditions. There was also a significant focus upon resolving discipline and grievance situations, although this undertaken by full-time Individual Case Officers, and again local union representatives had very little involvement in this, beyond referring a member query onto the ICO. Union involvement in wider issues of organisational change was less clear. For example, although BuSoc had committed not to offshore there was no evidence to suggest that this was because of a union/management agreement. It may have been because the business does not have such intensive stock market pressure to do so, or because it may be perceived to contradict BuSoc’s ‘ethical’ image. It may also be due to the fact that BuSoc is a domestic operation with limited experience of managing international operations. Of course, in reality it is likely to be a complex combination of such factors. The termination of the final salary pension scheme for new employees was identified as one of the most important recent events, although it was suggested that this decision was made behind closed doors without union involvement.

Evidence of the limitations of the structures at BuSoc is the fact that the structures were deemed unsuitable for meeting the demands of the Information and Consultation Regulations, and as such a new expanded Employee Involvement Committee is currently being introduced to meet these requirements. There was some evidence of the union and management working together with a common goal, for example on the development of a new performance management system and on the terms of a new home working policy, but such illustrations of joint working
were scarce. There was limited evidence of the problem solving approach or relationships which are central to partnership. The opaque nature of the decision making processes meant it was very difficult to judge the amount of influence the union had over decision making. A key question therefore, is to what extent would decisions have been the same without union input? While at NatBank there was clear evidence of union influence this was not easily identifiable at BuSoc. Of course, an optimistic counterargument may be that the union/management relationship was so good that there was no need to fire-fight problems as they arose as was the case at NatBank. However, overall, the evidence of this was unconvincing, and relationships appeared much more arms-length, and negotiations appeared to be shrouded in secrecy, contrary to the partnership ethos. An interesting nuance was the way union officials explained how they ‘hoped’ management respected them and took their comments on board, whereas at NatBank union actors were much more confident that management did value their input.

Despite prima facie evidence to suggest that BuSoc and BuSoc Staff Union were working in partnership, the findings suggest that in reality the approach to the management of employment relations is much more traditional than it may at first appear. Reasons for this may include the fact the union did not want to be seen as too close to management, or perhaps because there have been no major incidents such as those at NatBank which encouraged management and the union to reconsider and attempt to ‘modernise’ their relationship. There was a lack of agreement on a common approach to employment relations and various contradictions emerged. The Union disliked the adversarial recognition and procedural agreement but also disliked the notion of having a partnership agreement. The Director of Corporate Personnel did not perceive the traditional document to be a problem, whereas the Employee Relations Manager was attracted by the notions of partnership. There was also little evidence of an embedded partnership culture, and many middle managers were said to hold negative attitudes towards the union. Some employees believed consulting the union would be disloyal to the employer, while others suggested being a representative could be career limiting. Other employees simply had very little interest in the union. In
other words, the union appeared to lack the legitimacy associated with a strong partnership approach. Representative efficacy was also poor and characterised by poor visibility and limited communication. Many union representatives were inactive, lacked confidence and were worried about how they were perceived by management. The breadth and scope of representation was also limited with a focus on bread and butter terms and conditions, and discipline and grievance rather than the wider agendas associated with partnership. Another potential challenge was the ability of the structure to withstand adversity, as currently this appears to remain untested as mutuality appears to have offered a degree of cushioning from market forces. This is exacerbated by the fact the structure centres around the Chief Executive and the Union General Secretary, both of whom will soon retire. To conclude, in terms of process, there was limited evidence to suggest that the BuSoc/BuSoc Staff Union arrangement could justifiably described as a genuine ‘partnership relationship’, and as such the criticisms outlined are not necessarily criticisms of partnership per se.
Case study 3 – WebBank
Chapter 7: Case Study 3 – WebBank

Introduction

This chapter presents the third case study undertaken at the WebBank operations centre in the East Midlands. The chapter begins by providing a background to the case organisation, and to the site under study. This is followed by a review of recent employment relations at the centre, and the partnership structures. The meaning of partnership in the organisation is explored. This is followed by an examination of the process of partnership, specifically the nature of the relationships between key actors, and the way issues are handled and decisions are made. The final section outlines some of the key challenges of partnership at WebBank.

Company profile

WebBank provides internet-based financial services and is a major UK e-commerce company. Established in the late 1990s, the company is owned by a major international financial services group. The parent company set up a new post and telephone based bank in 1996. The Chief Finance Officer joined WebBank from Midland Bank, where he had been involved with their First Direct operation. The Chief Executive was previously Operations Director and Chief Operating Officer of the parent company’s banking operation before the launch in 1998. The company’s espoused aim was to create a fresh, dynamic and distinctive organisation in the conservative finance industry. This is illustrated by their offbeat marketing and advertising strategy targeting the 20-35 year old professional market. Products include savings accounts and general banking, investments and insurance. The company headquarters are in the City of London, and the company has two main administration centres, both located in the Midlands of England. As an e-bank, the company hoped that cheaper operating costs would enabled them to lure new
customers with attractive interest rates undercutting the high street. At the launch, the goal was to attract £5 billion of customer deposits within a five-year period, but this target was achieved in only seven months. New customers opened accounts by telephone and later the internet became the dominant medium, as the company aimed to reduce the overwhelming demand by allowing new customers to sign up over the internet only. One of the key launch products was the WebBank Credit Card, introduced with a much lower interest rate than the high street banks, and this remains their core product today. Since 1998 this range has expanded to include credit cards, mortgages, life and critical illness insurance, and investment products, including an online fund supermarket. Customers can manage their accounts online, by telephone, digital telephone and WAP-enabled mobile phones. Recent innovations have included the introduction of online share dealing, TV banking, WB Money Manager (which enables customers to manage all their accounts from one place) and WB Pay, an e-mail payment service. WebBank entered the French market through the acquisition of a French internet banking organisation forming WebBank France, but the French operation was unsuccessful and the company now operates solely in the UK.

The company registered on the London Stock Exchange in 2000 with an initial public offering of a 20% share in the company, and made its first profit in 2001. In 2004, the operating profit was £74 million, although overall the Group made a loss due to the failure of their European operations. The company has recently experienced significant turbulence in relation to the poor performance of their international business, and additional uncertainty as their primary shareholder put the company up for sale. However, the organisation was recently taken off the market and the parent organisation bought the public shares delisting it from the stock exchange in 2006. Currently the business accounts for over 5% UK credit card balances and employs over 2,500 people.

WebBank espouses a ‘purpose and values’ mission statement, and central to this is the idea of being an innovative and entrepreneurial player in a conservative marketplace. They also espouse a commitment of fairness to their customers,
employees and shareholders as well as the communities in which they operate.

WebBank’s espoused purpose and values are:

- WebBank’s enduring purpose is to revolutionize customers’ experience of financial services driven through unleashing the power of people.
- Our core values at WebBank are honesty, integrity and respect for people.
- We aspire to be vibrant, imaginative and fair in everything we do.
- Our customers are the reason we exist and we constantly look to offer them the products and services that put them in control of their money.
- We respect our people’s individuality and diversity, encouraging them to develop their careers in a stimulating environment, in keeping with our values.
- Our shareholders own the business and must be fairly rewarded for their investment.
- We work co-operatively with our suppliers and business partners, choose those who share our values and strive for mutual trust and benefit.
- We behave as good neighbours in our local communities and as a responsible citizen.
- We respect, protect and where possible enhance the quality of the environment.

The case site: Midlands Operations Centre

Although the company is officially headquartered in London, WebBank has two main operations sites. The main site, known here as Alpha Site, is located in the East Midlands. A smaller site is located in the West Midlands and employs around 300 staff but the focus of this study was the main centre. Traditional industries in the area have included mining, pottery and foundry work. The city has a long tradition of aerospace, engineering, rail engineering, power generation and manufacturing. The site has grown from employing just 150 to now employing almost 2500 people. At launch the company only had a small number of employees in a city centre office, but quickly relocated to a large unit on a suburban retail park in 1999. Located on an 80 hectare out-of-town business park, the estate is built upon a former brownfield site, formerly the location of an engineering and gas works. The site consists of two main buildings affording 250,000 square feet of floor space, and acts as the administrative head office, operations centre, technology centre, and the main customer contact centre. A particular aim when choosing the
location was that it should be central with the availability of a trainable workforce, most of whom need not necessarily come from the financial services sector; indeed those without financial service experience are positively encourage to apply. This was thought to be important in terms of creating a new fresh culture for the bank, which is often described in the industry press as ‘trendy’, ‘entrepreneurial’ and ‘action-orientated’. WebBank’s owners also cite reasons including favourable rents, space for expansion, and proximity to London and Birmingham as key factors in locating is this particular city. As Table 7.1 reveals, employment in manufacturing in the city is above the national average, while financial service employment is below the English average. Unemployment and long-term sickness rates are also slightly above average at 4% and 5.8% respectively.

<table>
<thead>
<tr>
<th>Industry of employment in area</th>
<th>Local authority</th>
<th>East Midlands</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture; hunting; forestry</td>
<td>0.5</td>
<td>1.88</td>
<td>1.45</td>
</tr>
<tr>
<td>Fishing</td>
<td>0</td>
<td>0.01</td>
<td>0.02</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.14</td>
<td>0.042</td>
<td>0.25</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>22.39</td>
<td>19.91</td>
<td>14.83</td>
</tr>
<tr>
<td>Electricity gas and water</td>
<td>0.8</td>
<td>0.83</td>
<td>0.71</td>
</tr>
<tr>
<td>Construction</td>
<td>5.78</td>
<td>6.86</td>
<td>6.76</td>
</tr>
<tr>
<td>Wholesale and retail</td>
<td>16.66</td>
<td>18.21</td>
<td>16.85</td>
</tr>
<tr>
<td>Hotels and catering</td>
<td>5.13</td>
<td>4.51</td>
<td>4.73</td>
</tr>
<tr>
<td>Transport, storage and communication</td>
<td>6.36</td>
<td>6.25</td>
<td>7.09</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td><strong>2.74</strong></td>
<td><strong>3.07</strong></td>
<td><strong>4.8</strong></td>
</tr>
<tr>
<td>Real estate, renting and business activities</td>
<td>11.67</td>
<td>10.41</td>
<td>13.21</td>
</tr>
<tr>
<td>Public administration</td>
<td>3.87</td>
<td>4.95</td>
<td>5.66</td>
</tr>
<tr>
<td>Education</td>
<td>7.87</td>
<td>7.8</td>
<td>7.74</td>
</tr>
<tr>
<td>Health and social work</td>
<td>11.72</td>
<td>10.6</td>
<td>10.7</td>
</tr>
<tr>
<td>Economically inactive: unemployed</td>
<td>4</td>
<td>3.27</td>
<td>3.35</td>
</tr>
<tr>
<td>Economically inactive: long term sick or disabled</td>
<td>5.76</td>
<td>5.29</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Source: ONS 2006 Data source from Census 2001
WebBank offices are vast open plan spaces, with breakout areas for relaxation. The environment is quite different to the other case organisations in that it is modern and purpose built. A deliberate objective was only to have one floor in order to create a more ‘egalitarian’ environment. Despite the modern environment, this has not prevented a perpetual programme of refurbishment to improve the working environment. In 2003, for example, the technology building was completely refurbished to create a more flexible working environment and encourage creativity. The refurbishment cost over £10 million and employed specialist design consultants whose other clients include Prada and Nike. The call centre also won a recent industry award, and was identified as one of 12 ‘supermodel’ call centres in the UK. The call centre space is designed around a townscape design to create ‘communities’ by dividing up the vast space, and is also based on one floor with a central atrium. There are also ‘den’ spaces for quiet working, and ‘sanctuary’ areas designed to afford some peace and quiet to relax. Moreover, call agents do not have allocated desks but operate on a hot desking system. The centre also has moveable walls which can be erected to create different working environments as new projects arise, offices are painted in bright bold colours, and walls are decorated with murals and modern art of local significance. The other main difference is the high degree of informality with casual dress code, atrium cafés, sofas and ‘chill-out zones’, video games machines, plasma screens and an online ‘jukebox’. The jukebox system was introduced to dilute the ambient noise in the centre, and again appears to have proved popular, with employees able to select tracks online from their PC to be played across the centre.

The workforce is young (most employees are under 35 and a high proportion are 18-23), and a majority of employees are female (65%). The centre employs a mix of employees including professionals, managers and customer service agents. The average age of a manager is 32. Typical job roles in the centre include customer sales and service as the centre answers 12,000 calls per day. Most customer service roles are telephone based dealing with customer enquiries regarding their bank accounts. Some agents are also responsible for ‘Secure Messaging’ which involves responding to email enquiries from customers. Employees involved with SM
queries generally enjoy the role as it affords a break from answering phone calls. Most employees in the call centre work on a shift basis with variable hours scheduled between 7am and midnight. Some workers work predominantly ‘lates’ or ‘earlies’ while other prefer a rotation of the two. A specific ‘graveyard shift’ maintains the overnight operation. Salaries are similar to the other two cases, ranging from £12.5k plus 10% bonus as a new customer service agent, to 15k + 15% bonus as a sales agents, although it is not unknown for top sales staff to exceed £30k. Team leader salaries are around £20k plus bonuses. In terms of career progression it was evident that many WebBank employees have begun their career as a basic service agent, but many had progressed through the organisation to secure new roles in other departments, and to achieve professional qualifications in areas including banking, marketing and personnel.

In line with business strategy, the bank has pioneered ‘e-HR’, offering a range of services online including electronic pay slips, holiday booking and expense claims, and has received rewards in this area. Attempts have been made it make it a ‘fun’ place to work by organising special events and parties for occasions such as Valentine’s Day, Easter and Christmas. These appeared to be extremely popular with the younger employees. The workplace also has no strict uniform policy; indeed dress ranged from jeans and trainers to a shirt and trousers depending on personal preference. Many employees contrasted this with the traditional suit and tie image of the banking sector. The canteen is also contemporary and styled with long communal bench seating, and offering a wide range of food. Also, because the centre is also the head office most employees knew who the executive team were. Indeed, many employees were amazed by the fact that even the top management would sometimes wear shorts and t-shirts to work in the summer, again suggestive of this attempt to create an informal and unorthodox working environment.
Employment relations at WebBank

As a new ‘e-bank’, WebBank only has a seven-year history of employment relations. Nevertheless, the seven years have seen the bank grow from a small city centre office employing 100 people, to a massive purpose built facility employing thousands. The HR slogan is “WebBank should be a great place to work”, although long serving employees suggested that at launch the working environment was very poor due to popularity of their products which resulted in a long period of chaos, high employee turnover and acute understaffing. This was described by one manager as a period of “recruit, recruit, recruit”. Nevertheless, employee responses to questions regarding WebBank as a place to work were mostly positive as the following statements illustrate:

“They try and make it a good place to work. They’ve built a WB culture. It’s not a traditional bank in an austere sense”

“As a place to work I think it’s pretty decent. WB as a business has got the right attitude”.

“I enjoy working here, the environment is good, the people, there are always prospects to move into other departments, you are actively encourage to do that, if you want to go forward there is help to do it”.

“It’s alright, pretty cool…if you have a problem they do their best to sort it out. If they can help you they will do. I’ve got no problems with it really”

(Employee focus groups)

Despite the overall positive comments, some employees did express some specific concerns. Firstly, some of the older members of staff admitted they had found joining an organisation like WebBank to be a significant culture shock from their previous employment, and were particularly resistant to changes such as the hot desking system, preferring to sit with a group of colleagues. There was also the perception that much of the ‘fun’ activities were geared very much towards the younger population of the workforce. Many employees described a period of poor employee relations in the period 2003/4 when the company decided to terminate its operations in France, at a cost of €180million and a loss of 500 jobs. The failure was attributed to higher than expected set up costs. In 2003, the French operation lost £90m resulting in the WebBank group making an overall loss of £35 million, twice the loss made in 2002. This overshadowed the relative success of the UK operation at the same time, where operating profit had actually doubled from £35
million to £70 million a year earlier, due to a surge in consumer borrowing. The bank unsuccessfully sought a partner to enter into a joint venture to turn the ailing operation around, as the parent organisation then decided to auction its 80% shareholding for around £1 billion, initially attracting the interest of US operations such as CitiGroup and MBNA.

As the Chief Executive stated in a newspaper, “No one knew who they might be working for, or whether they would be working”. However, most employees commended the bank on their handling of the situation suggesting that communication was actually good, and that they received a £1000 loyalty bonus during that period if they stayed with the company through the period of uncertainty. This context might explain why in 2003 only 37% employees agreed with the statement ‘WebBank is a great place to work’, while in 2004 the figure had risen sharply to 71% (Internal document). Other concerns included the pressures of targets related to performance related pay, although several employees suggested that performance management had improved as the company had shifted from quantitative indicators such as ‘number of sales’ or ‘average time taken’ to qualitative indicators e.g. ‘call resolved satisfactorily’ irrespective of whether the call was long. FSA regulation was another issue which frequently arose. In practice, many agents found new regulations to be particularly burdensome but acknowledged that this was a trend which affected everybody in the industry.

**Partnership structures at WebBank**

The primary component of the partnership structure at WebBank is the People Forum. The People Forum was introduced in 2000, 2 years after the company was founded in 1998 and populated with 3 part-time employee representatives. The initiative for a representative body was said to have come from management team, as a response to the rapid growth of the organisation. As the HR Director explained:
“We have 2000 people. You need a mechanism. It’s very difficult to consult with 2000 people individually! I think we instinctively prefer a non-union site to understand directly what people here wanted rather than hearing it through a union” (HR Director).

Interestingly, by ‘indirectly’ he meant external trade union representation and by ‘directly’ he meant non-union employee representation, unlike the typical academic use of such terms. He suggested that the introduction of the Forum preceded European legislative requirements and “fortunately the legislation is friendly to what we and WBPF are doing”. An audit suggested that forum meets the requirements of the EU Information and Consultation Directive. It could be speculated that the People Forum was a response to the 1999 Employment Relations Act, which provides for statutory union recognition if there is sufficient employee support and came into effect in June 2000. On the other hand, the creation of a representative body soon after launch may also reflect that such bodies are ‘the norm’ in the sector, and that as such it may have been a taken for granted assumption that a body had to be created.

At the launch of the Forum in 2000, the focus was said to be on very low level issues, including canteen food, mouse-mats and the poor quality of the soap in the toilets. Indeed, one representative expressed embarrassment at some of the trivial issues he had raised with the Chief Executive. Specifically, he suggested that an incident where he raised an issue regarding an out-of-order toilet to the senior executives as epitomising his early naivety. This was termed by the representatives as the “sausages in the canteen” phase. The forum’s agenda was also perceived to be driven primarily by management but particularly by the HR team. Employee representatives suggested that they tended to be consulted fairly late in the process, often after decisions had already been made. In 2002 the Chief Executive was said to have expressed disappointment with the operation of the Forum, and proposed a need for serious re-evaluation. Interestingly, at the same time Amicus launched a recruitment campaign, picketing outside, focusing on the policy of alleged strict toilet monitoring. Again, it is worth noting that the pressure of Amicus is reflected in all three cases. The employee representatives attended a conference in summer 2002 with the HR Director in London, and had discussions with, inter alia, the TUC Partnership Institute and Amicus. As one representative explained: “WebBank felt
they couldn’t deal with Amicus because they were too adversarial, but they took a shine to the TUC Partnership Institute...feeling they were speaking the right language”. Management were said to have suggested that a union would be culturally at odds with a young, innovative company such as WebBank, and there was evidence to suggest this attitude was still around.

The HR Director suggested that he was ambivalent, believing that the current structures were sufficient, and as such a trade union was not necessary. He did not suggest that the Forum was necessarily there instead of a trade union. He explained how, “It’s almost like I don’t have an attitude to unions here, because what I think we need we’ve got...I don’t hold that we have WBPF instead of a union but practically it’s true”. He also suggested that there was no strong desire among employees for union recognition, but if that was to change “management would have to think very hard about it”. For management, the key concern was that trade unions are not as committed to the success of the company as internal bodies are likely to be. There was also a feeling that working with a trade union would slow down decision-making by creating a prohibitive level of consultation. As one senior manager stated, “it leaves me cold. Such a layer of consultation it’d be prohibitive”. In a similar vein, another senior manager drew on his work experience in a privatised utility to explain his lack of enthusiasm for trade union recognition at WebBank. He described the difficulties of working in “an entrenched union environment” where he found for the representatives “activism was their idea of a good time”, having “a relish of beating management”.

In autumn 2002 the forum representatives met again with Amicus with a view to Amicus making presentations to employees in the New Year of 2003. The three elected part-time representatives were then seconded for three months to evaluate the future of the employee forum. In 2003, the representatives recognised that there was a real need for some external third-party support and advice. At this point they became affiliated to the Involvement and Participation Association, who appeared to be a good source of external expertise. It was as a result of this affiliation that the seconded representatives became aware of - and inspired by - the concept of
‘partnership working’ and presented their idea of a new non-union Employee Forum to the Executive team in summer 2003, under the name “Playing it Big”. It is worth noting that while the NatBank partnership was inspired by the TUC, at WebBank the IPA partnership model was the inspiration. The core idea was that the forum needed to be consulted early in the process rather than after decisions had been made. This involved a new system of elected full-time employee representatives supported by a network of part-time representatives, an allocated budget and paid time off for part-time representatives to carry out their duties. The proposals were agreed by management. Any employee with more than 6 months services is allowed to stand for election as a representative. In autumn 2003 the three seconded representatives were appointed as the full-time seconded employee representatives in an unopposed election for a three year term.

The espoused aim of the new People Forum is, “To represent the voice of all WebBank people, to make working life great and help drive superior business results” In practice, it was suggested that this meant communicating with employees, bridging the relationship between management and employees, and representing employees on collective and individual issues. The new Employee Forum consists of 3 full-time representatives and 12 part-time representatives. Part-time representatives are allocated 4 hours per week for their duties, comparable to most union representatives, and tend to deal more with day-to-day issues within the areas which they work. The part-time representatives generally agreed that there was sufficient opportunity to get additional time off for People Forum duties so long as they could balance their workload, although it was slightly more difficult for customer facing telephone staff. The representatives were generally satisfied with the time off they received to do their duties. The body is funded by the employer to support representatives salaries, training, equipment and stationery and conference/travel expenses.
### Table 7.2

**Membership of WebBank People Forum**

<table>
<thead>
<tr>
<th>Members</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>WBPF Chairperson</td>
<td>Chief Executive</td>
</tr>
<tr>
<td>Employee Chairperson</td>
<td>Employee Rep. Elected by Employee Reps.</td>
</tr>
<tr>
<td>Employee Representatives</td>
<td>1,200 employees, 3 full-time representatives.</td>
</tr>
<tr>
<td>Management Representatives</td>
<td>2 from senior management posts</td>
</tr>
<tr>
<td>Employee Vice Chairperson</td>
<td>Employee Rep. Elected by Employee Reps.</td>
</tr>
<tr>
<td>HR Representative</td>
<td>Nominated by WBPF Chairperson</td>
</tr>
<tr>
<td>WBPF Secretary</td>
<td>Nominated by HR Representative</td>
</tr>
<tr>
<td>Eligibility</td>
<td>One year as an WB employee on a permanent contract</td>
</tr>
</tbody>
</table>

The representatives explained their motivation to be involved with the Forum. As the current Employee Chair, a former customer relations adviser, explained:

“I was interested straight away, having been a union rep for 15 years. And in the Navy I was a Welfare Rep. I’ve always been interested in people. I was interested straight away and got elected” (Employee Chair).

Similarly for another full-time representative who previously worked in the contact centre:

“About a year and a half ago leaflets were dropped round, asking people if they wanted to be nominated to the WBPF. I looked at that and thought, I could really help with that! Because I’m seeing all sorts of things missing around the contact centre, that need a voice. I thought I could really help. (FT Employee Representative)

For a part-time representative from technology:

“The reason I got involved was because…in a company like this it’s very big and things go on and you think hang on I’m not sure that’s the way you should actually manage that. ..or you wonder why some people get certain benefits and others don’t. ..A lot of people I knew shared these concerns so I thought, you know, I’ll stand for election because this is what the forum is about” (Part-time representative).

Another part-time representative suggested that he felt his area needed better representation, so he decided to stand as “the voice of Lending”. On hearing of vacancies he started his campaign including having promotional t-shirts printed and subsequently won the election.

Again, although partnership was viewed primarily in terms of the WebBank People Forum structures, and specifically the relationship between the forum and management, in common with NatBank and BuSoc there were also various direct employee involvement mechanisms. These included the monthly ‘Life at WebBank’ survey, ‘fireside chats’ between line managers and employees, and extensive use of electronic communication. For example, the intranet was used not only to cascade information but also to gather feedback, with most webpages
offering the opportunity to send employee responses and opinions. There was also an electronic ‘Ask HR’ service, where employees could contact HR directly about issues including pay, holidays and shifts.

Definition of partnership at WebBank

At WebBank there is no formal partnership agreement, although there is a ‘Commitment Document’ as outlined in Table 7.3.

<table>
<thead>
<tr>
<th>The WebBank People Forum Commitment Document</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives</strong></td>
</tr>
<tr>
<td>• To increase the level of employee involvement in change and business initiatives which affect employees using effective consultation</td>
</tr>
<tr>
<td>• To build and maintain effective relationships with all departments through consultation</td>
</tr>
<tr>
<td>• To represent independently and without prejudice the interests of WebBank people both collectively and individually</td>
</tr>
<tr>
<td><strong>Primary principles</strong></td>
</tr>
<tr>
<td>• Joint commitment of the WBPF and WB will ensure WBs success</td>
</tr>
<tr>
<td>• Recognition by all for legitimate roles, interests and responsibilities of those on the WBPF</td>
</tr>
<tr>
<td>• Transparency between the WBPF and WB through effective consultation – sharing information policy consultation</td>
</tr>
<tr>
<td>• Building trust between WB people</td>
</tr>
<tr>
<td>• WB people have the right to be represented and have equal opportunities within the business</td>
</tr>
<tr>
<td>• WB people have exceptional training and effective development</td>
</tr>
<tr>
<td><strong>Operating principles</strong></td>
</tr>
<tr>
<td>• Source from the WBPF purpose</td>
</tr>
<tr>
<td>• Act for the good of WB people and WB</td>
</tr>
<tr>
<td>• Stay within the overall context of WB’s strategy, support that strategy and contribute to WB’s game</td>
</tr>
<tr>
<td>• Respect the WBPF principles of consultation</td>
</tr>
</tbody>
</table>

Source: Internal documentation

The actual term *partnership* was not frequently used by the management team in their accounts of employment relations, although interestingly, like BuSoc, the term is used in the employee handbook.

“The WebBank People Forum represents the voice of all WebBank people. Working in partnership with the business, the forum helps make sure that our people get the most out of working here.” (Internal document).
However, management did stress the need to work with representatives in a collaborative way, and stressed they were keen to avoid an adversarial style, and did occasionally use the language of partnership. As the HR Director explained, “I don’t experience WBPF as an adversarial group whether they are agreeing or disagreeing. It’s much more of a partnership”. The term partnership was used often by Forum representatives. This is perhaps unsurprising as they have now been closely involved with organisations such as the IPA who promote the idea. One representative admitted that in 2002, “we’d never really heard of partnership before and didn’t know how it worked….but if gave us a glimpse of another way of working”. The Forum chair attempted to define the distinction between partnership and non-partnership working, suggesting that it is about establishing a common agenda and shared goals:

“I think quite often, in the non-partnership arenas, there have been two agendas. The management have got an agenda. The union have another agenda. And the two don’t always match up. So you get all sorts of conflict and time wasting. You may end up with the right result or compromise, but it takes days and days, hours and hours to get that result. With partnership, both sides know what they are aiming for. They are on the track together. Pulling in the same direction. And it doesn’t take as much time to get the right result (Employee Chair).

This view clearly implies a predominantly unitarist understand of partnership. On the other hand, another full-time representative illustrated his more pluralist view of a partnership approach with a Venn diagram, suggesting that the aim of partnership was to work on common interests in the overlapping shaded area, trying to establish some kind of balance between employee and business interests.

![Venn diagram](image)

**Figure 7.1** Venn diagram WebBank employee interests

Source: Employee reps. diagram
The representatives were unconvinced by the effectiveness of adversarial approaches, suggesting that “an aspirational approach of working together is much more productive than the adversarial style. I don’t think the adversarialism works anymore”. This view was echoed by the Employee Chair who concluded that:

“I like the idea of partnership. I think it makes a lot more sense. To be partners rather than enemies. I think in a partnership you are working for the same end. You are working for the good of the company, employees, and customers. It just makes sense to me to do things together rather than at loggerheads all the time” (Employee Chair).

He suggested that the effectiveness of the Forum hinged upon building effective high-trust relationships with the management team, and that conflict and threats are ineffective. As he explained:

If we rub up managers the wrong way, they are not going to do anything with us. You end up with conflict. No good for the employees, shareholders or customers. A threatening basis is not the way to do it” (Employee Chair).

For another full-time representative working in partnership is concerned with fairness and trying to establish middle ground. As she explained, “I think for me WBPF is all about being fair. Fair to the business. Fair to the individual. There has to be middle ground in there somewhere. It’s all about fairness.”

As a non-union site, respondents were asked about the difference between having an in-house body such as the People Forum compared to union representation. For a senior technology manager with previous work experience in the utilities sector, the key difference between the People Forum and a trade union is that “the People Forum are just as wedded to WebBank’s success as everybody else, but they recognise our people feeling good is a way of building success. My experience is at the other end of the spectrum”. He suggested that the major benefit of the in-house People Forum was that the relationship was more collaborative/constructive, as they had a joint commitment to the goal of business success. Like BuSoc, there were perceived benefits of an internal rather than external body. As he explained, “We are pursuing common goals, a common vision. Rather than diverging goals, that’s the main thing”. Yet he was not philosophically opposed to unions, stating how “If they assumed trade union status, and the legal weight that carried with them, provided people had similar attitudes and approaches I’m sure that could also be successful”. In other words, the union/non-union distinction was seen to be less important than the relationships and mode of working.
The team managers interviewed did not have much experience of trade unions, however, they speculated that an external union might not have a sufficient understanding of the organisational objectives:

“A trade union is very much removed from WebBank. They wouldn’t understand what the culture is like at WebBank, or what WebBank are trying to achieve by doing things. WBPF know what the culture is like, they know what WB is trying to achieve and have an understanding of where the other side is coming from. So if they are in a meeting with a manager and an employee they can understand both sides. Whereas the trade union is solely looking the person…without having an understanding of where the company is coming from (Team manager)

There was also a lack of enthusiasm regarding trade unions from the Forum representatives. For them, there was a perception that trade unions did not really add much value besides the ability to draw upon legal support in the event of an employment tribunal, and of course they cannot hold a ballot for industrial action in the event of a dispute. There were also arguments regarding the actual representative-ness of trade unions, and concerns they are governed by complex political agendas, sometimes have ulterior motives and may not understand the organisational culture. In addition, employee representatives also cited an example of a local unionised Building Society with which they had conducted benchmarking exercises as an example of “how not do it”. A part-time representative reiterated the view that there was probably not much additional benefit from a union beside legal support, but that the major negative was relying on precedents from other organisations and a lack of flexibility. He was also unconvinced by union claims to be more powerful in the current climate, for example in relation to job losses:

“All you can do is make sure that it’s a fair decision. If WB want to move to India tomorrow who’s going to stop them? No-one. We always reckon that we’re there for the people and to see that they get a fair deal. That’s what annoys me about the union. Saying they can do more because they have more power” (PT Employee Representative).

This view was echoed by another representative who was wary of the ‘more-power’ arguments presented by the union at the last meeting, suggesting that ultimately the business decision is likely to be the same. He stated how unions often argue how, “We will fight, we will make them negotiate, we will make them accountable…but at the end of the day the outcome is probably the same – or less”. She also suggested that from the feedback she receives most employees are happy with an employee representative although some would prefer an external union representative. Indeed,
there was a feeling amongst the representatives that unions cannot add much, and as some remarked, “I’m not a member of a union and never have been, but I’m not seeing anything they can do better apart from the tribunal stuff…I’m not seeing anything different really.” Another representative was openly hostile to the idea of unionism, following bad experiences in the 1980s:

“My own personal opinion of unions?! Shoot the bastards…I was in the AUEW in the 80s…we went on strike to get he apprentices an extra £20 a week. 16 weeks with no pay. The end result? They shut the factory. I don’t think WB needs them. I think we get to know more than a union would be told” (Part-time Employee Representative).

He also argued that an advantage of an in-house system is that it provides universal representation.

“If I was a shop steward it’d be working for the brothers and sisters. And drumming up members. And if you aren’t paying your dues you aren’t part of the club. You can’t play.” (Part-time Employee Representative).

Indeed, in summer 2005 a decision not to allow Amicus recruitment officers on-site to conduct a recruitment campaign was taken by the forum representatives.

“WebBank have reneged on their commitment to give staff a choice whether they join a trade union or not. Given the amount of work being exported overseas, now more than ever staff need to have a choice of having the protection of a trade union.” (Amicus Press Release, 2005).

Unsurprisingly, employees expressed mixed views regarding the benefits of a trade union. Some believed it was unnecessary while others suggested it may be beneficial. For those in favour, they cited benefits such as enhanced legislative standing, as opposed to a “frivolous thing that they can get rid of if they want to”.

As supporters commented:

“WBPF…it’s a very similar thing to a union…I’ve realised it isn’t a union and I wish there was a union at WB. And the reason they get away with not having a union is that there are lots of young people…they are not too clued up on unions. Is there a reason why they don’t have a union? Is it equivalent of? It’s a question mark.

“I don’t believe they [the Forum] have the legal knowledge if it did get to a really high end problem like tribunals. A union would have that legal facility”.

“I don’t know much about unions but my gut feeling tells me that an in-house forum might not be very objective. Or they might get scared. Because they work for WebBank. Because they have restrictions of their own. I’m sure they’d say it doesn’t work like that…but at the end of the day an outside body doesn’t have anything to lose so to speak”.

“I wonder how involved they will get if it goes really high up the chain…I believe, for the bases issues around the company it’s really good. But when it comes to the really serious nitty gritty it may not be as good” (Employee Focus Groups).
In other words, there were some concerns regarding an employer sponsored body. Conversely, others cited the advantages of an in-house forum as including greater local knowledge and a more amicable working relationship:

“The WBPF have connections with the company, they’ve got the records, can speak to people and know how the business works...trade unions come in and they know all the legal side and they are good, but they don’t know the business side”

“I think with a union, you start getting power struggles, don’t say this to him, say this to me, lawyers and litigation. It can create a larger problem than it actually solves”

“My preconceived notion is that it’s all about strikes, a battle against management. I would see as union as that. Out for everything they want, whereas the forum are not like that. They will help you but it’s not about getting everybody in the call centre to strike or causing revolt or mutiny”

“You think of miners, blowing the whistle, everybody out. You had to down tools and leave the building...but I think with the forum there isn’t a need for a union, it doesn’t seem like a need to put pressure on the business to bring about more worker rights because the company is more orientated to thinking of the worker”

(Employee Focus Groups).

Interestingly, opinions on the advantages and disadvantages of a trade union did not appear to confirm traditional arguments regarding age. For example, it may be expected that the young employees would have been the least interested while older employees might have been more engaged with union representation. However, no such pattern was evident; rather there was a clear mix of views irrespective of age.

Influence and managerial prerogative

However, it was clear that management retained their ‘right to manage’ under the partnership structure. This is made clear in the commitment document which states that “consultation = both parties views are stated and heard before a decision is made. The perspective of each party is understood by the other not necessarily agreed between them”. The framework is based upon the IPA model of ‘options based consultation’. The process begins with business objectives being identified in terms of strategy and policy development. The management team then identify various options to move the business forward and have initial discussions with representatives. The consultation process starts before a decision is made, and affords representatives the opportunity of feeding into the process, and to suggest alternative strategies. Management then review the options and take on board the
input provided to devise a revised list of options. Management then make the final decision, providing justification why a particular decision was made, and why the others were rejected. Formal decisions are then cascaded to employees by the employer, with management and representatives meeting on an ongoing basis to discuss progress and updates. This is summarised in figure 7.2 below:

![Diagram](image)

**Figure 7.2** Option based consultation model
Source: Internal documentation

Accordingly, for the Employee Chair, the purpose is ensuring that there is a clear understanding of the rationale behind business decisions, but that managers retain their right to manage. He explained that “Whatever they decide in their area, they are the managers, they decide in their area. The benefit for us is in knowing the rationale behind those decisions”. However he suggested that the forum had a right to challenge and question decisions suggesting that “The role of the rep is to challenge and question, the same as whether we were unionised or non-unionised. If we challenge and we question, and we understand the rationale then that’s fair”. The HR Director also made it clear that the Forum is not a negotiating body, and that management and employee representatives do not necessarily have to actually agree on decisions. He clarified that, “We consult with them, we don’t negotiate, so we aren’t reaching an agreement about things. We are very clear that we as the company make the decision, rather than we reach an agreement with them”. Though this may mean there is a danger of the consultation becoming merely lip-service, he was keen to stress that although it was not about agreeing per se, this did not mean that the representatives did not have any influence over decisions, arguing that this would mean there was no point in conducting the consultation exercise. As he explained:
“There would be no point consulting them if what they said didn’t influence. They don’t have a vote on the decision, but they do have influence in the decision. We do want to be doing things that they support” (HR Director).

Indeed, another senior manager argued that early involvement of the Employee Representatives in decision-making can actually add value, and this appeared to be one of the key tenets of partnership working:

“We engage them up front to help with the design, they’ve got a different perspective to ours so it adds value. Also being there when things are being implemented as a sounding board, a point people can go to with total anonymity and we can take action. That’s where they add value” (Senior technology manager).

The representatives were also clear that their role was not to act in a confrontational or obstructive manner, but rather to voice the employee perspective on management proposals, and to provide feedback and constructive criticism. For them it was not necessarily about changing decisions:

“Not that we are going to change the making of decisions. But we are in there adding some sort of knowledge and gaining understanding, and passing over our understanding of what people will feel as well. We are using our experience of the floor” (Employee Chair).

In other words, management gained insight from the coalface, while employees gained because their voice could be fed back to senior executives.

Most employees were also supportive of a non-confrontational approach to employment relations, suggesting that 1970s industrial relations are no longer desirable. As one employee commented, “I’ve found you catch more flies with molasses than you do with vinegar”. However, some employees were uncertain of how much influence the Forum had, suggesting it would be difficult to work out outcomes which were the result of forum input, or whether the company would have done things anyway. Clearly, this issue is very similar to that experienced in union contexts as well, and the following quotes illustrate this ambiguity.

“I don’t know if influence is the right word. I think they have an input. Whether they have any great influence I don’t know. Sway and influence. They must have otherwise it’s a pointless exercise…to judge something you need an empirical result to measure. If you don’t hear the results it’s difficult to know”

“I’ve got no negative thoughts about the company, I think the company is good in itself, but as to what degree the Forum plays in that I don’t know. Whether it’s just a good company that will look after you and they don’t have to do a great deal. They maybe don’t need to do a great deal because the company’s good anyway you don’t know”

(Employee Focus Groups).
**Relationships**

Again, in order to understand the process of partnership it is useful to explore the realities of the relationships between the key actors. These are now discussed in turn.

*Senior management-employee representatives relationships*

As mentioned earlier, the WebBank partnership is not based upon a formal agreement, but rather management and representatives described it a more informal ‘relational approach’, and stressed the way people work together is more important that formal documentation. As a the vice-chair explained, a good relationship with senior managers was more likely to lead to the objective of involvement early in the process:

“We put a big emphasis on building relationships because we felt, and again we researched it, that consultation at an early stage through having a really good relationship, would give us more influence than a lets-play-poker approach” (Employee Vice-Chair).

Similarly, the Chair expressed a comfortable relationship with the top management

“I have a good relationship with the top people, but my relationship with middle managers is harder to crack. I was put on a People Management Committee, which involves nearly all of the Executive Committee, plus a couple of others. And I'm quite comfortable. They'll listen to me. (Employee Chair).

A part-time representative also explained how “It is recognised by the top management of WebBank...they do value the input, and we are given the time and resources we want, to do what we want for the good of people”. Overall, the evidence suggested that the relationships between the senior management interviewed and the employee representatives were generally good. The Chair is involved in many meetings, including a monthly meeting with the Chief Executive and the Director of Customer Service. Another representative has a monthly meeting with the People Leaders in the Contact Centre, and the IT Director. These meetings typically involve a review of recent issues, business update, constituency reports. Guests may also attend on an ad hoc basis if there is a particular topic which would benefit from their expertise.
Senior management responses were also positive. As the senior IT manager commented regarding representatives:

“I value them. I recognise they can do things I can’t do. We’ve formed a good relationship over time. I have respect and find him useful in terms of the feedback and information we get from him” (Senior technology manager)

Another manager noted that representatives who had previously been in a managerial role were particular helpful because they could adopt more of a “dual perspective”. He had clearly experienced more ‘militant’ representatives whom he thought actually created additional troubles. This was one of the main reasons he preferred the non-union body, as he believed this was more common in unionised environments. He recalled traditional 1970s unionism with intransigent shop stewards who are “anti-establishment” describing them as akin to “News of the World reporters or rogue solicitors that advertise on daytime TV” looking for gossip and creating trouble. For him, this is because unions have to demonstrate their ‘successes’ and worth in order to impress fee-paying members:

“If you’ve got a body funded by individuals who are in trouble, it’s in your nature to produce stats that prove you’ve been really useful. [The forum is] not a business that has to produce results and show they’ve saved individuals from dismissal. That’s not what they are about” (Senior manager).

The key limitation of these positive overall findings, however, is that relationships between managers and the representatives were patchy. Indeed, the interviews are a ‘best-case scenario’ given that senior managers with little interaction with the forum declined requests for interview! The HR Director acknowledged the patchy coverage:

“I think people who have worked with them tend to be positive about them. Others who haven’t will have no relationship with them, wouldn’t get involved with them, wouldn’t think of involving them, and I think there will be people for whom, if WBPF do get involved, they’ll be a sense of what are they doing? This is my job and my decision-making! (HR Director).

Additionally, he noted that senior managers would not really ‘use’ the forum themselves, despite the fact that formally the forum represents employees at all levels in organisation and that there are elected management representatives. Another senior manager suggested it may be useful if the forum quantified their interactions with employees more, to inform and convince management of the value they can add.
Representative-manager relationships

The relationships between the forum representatives and the middle management (team leader/team manager population) were less good, and representatives suggested a need to be integrated across all levels of management, by demonstrating that they can add value to the process. As the following quotes illustrate, though the senior relationships were perceived to be good but patchy, line manager relationships were not nearly as good:

“We have a very good relationship with senior managers. It’s middle managers where the relationships are poorer. It used to be very poor.” (PT Employee Representative).

“Yesterday with middle managers, who see us a threat? I wasn't as comfortable yesterday, with those people as I was with the top people” (Employee Chair).

There was a belief that representatives were often perceived to be busybodies. Representatives acknowledged that sometimes middle management may appear to be drawn in opposing directions, and view the forum as a hindrance to meeting their objectives. There was also the suggestion that some middle managers were wary because they knew the representatives had a good working relationship with some of the top executives, and there may be some resentment. As a part-time representative explained:

“Wary that we have access directly to the top. Some are just wary of the fact you talk to the Chief Executive. The Chief Executive says hello to you. And they think they are the managers” (PT Employee Representative).

The Employee Chair also was also fairly despondent regarding a recent meeting he attended with line managers:

“Yesterday I was quite down about it, disappointed, but then I thought its up to them. I need to build a relationship with them so they can see the benefits we can bring, and see that we are not there not rock the boat but to actually help them. Not being confrontational at all. A certain element of middle managers think that we are interfering really. Its certainly not perfect. But more and more people are getting educated, and seeing that we behave ourselves, and we that we can act responsibly for both sides” (Employee Chair).

Representatives suggested there had been some progress building relationships, but that a lot still had to be done to build the level of trust to allow the process to operate effectively. For many line managers, there was an association between the forum representatives and the representation of employees during the discipline and grievance issues. This had led to representatives being perceived as an obstruction rather than as people who add value, a finding which is also common to the other two case studies. There was some more positive evidence to suggest, however, that
some middle managers would ‘use’ the forum for advice on handling a situation with a subordinate prior to making a decision. Occasionally, managers personally sought advice from the forum regarding an issue with an employee, or pointed people in their direction, which they viewed as a “real accolade”. As one representative mused:

“There are hundreds of managers and some of them value us and some of them don’t quite frankly. And it depends on the individual manager, whether we get involved and what point we get involved. That’s a journey we are on quite frankly” (Vice Chair).

Representatives described a need to be seen to be ‘professional’ by the management team in order to achieve buy-in. This Vice-Chair suggested that often this was a matter of approach, for example researching and suggesting solutions, rather than arguing and complaining. This was echoed by a part time representative who suggested that they have had to build respect by being proactive and bringing solutions to the table rather than complaints.

“We’ve not said ‘no you can’t do that’ and left it at that. If they hear no, it’s ‘why not’. What’s your reason? Managers don’t want to hear ‘no’. We’ve now got the ability to develop ideas, solutions and workarounds” (PT Employee Representative).

As a full-time representative commented, ultimately it depended on the individual manager, and a process which needs time:

“Some Team Managers and People Leaders, to get their buy-in to what we actually do, and how we can make their job easier, is quite a difficult process…some do buy-in, but others are more sceptical” (FT Employee Representative.)

She believed this was a common problem with employee forums, and suggested there was a need to demonstrate how they can actually add value to the process, making the middle managers job easier as opposed to being perceived as a nuisance. This was said to require further relationship building, and represented a key area for future development. To this end, the representatives were planning to produce a document which demonstrates the benefits they can add to the process from a business and individual perspective.

**Employees and employee representatives**

Another key relationship is the relationship between employees and employee representatives. The HR Director suggested that, if anything, there was a need to build awareness of what the People Forum do and being available to employees.
Team managers suggested that employees who had not actually approached the forum for advice would probably only have a vague notion of their purpose. A representative suggested that in the early stages the representatives had very little credibility in the eyes of employees, because they were seen to follow an agenda set by management, but that things had improved.

“We had no credibility, always very much manager lapdogs, HR poodles. Because they only ever saw us with a manager in tow. We were almost there to legitimise it!. The managers would say we are doing this, and we have consulted with WBPF”. (Vice Chair).

Representatives suggested their visibility had improved over time through regular ‘awareness events’ in the atrium. They also wear forum rugby shirts every Monday so that people can recognise them and put names to faces. They also attend inductions to explain their role to the ‘new starts’.

However, there was evidence to suggest many employees still had a limited knowledge of their role. This point is illustrated by the following quotes:

“To be honest I don’t know anything about the People Forum. I know that they are elected. But I’d like them to come and have a word one day and let us know what they do”.

“Is it them who are responsible for the cheap perfume in the atrium?”

“Is it because of them the toilets are getting decorated?”

“They might have done something revolutionary for us but we don’t have a clue!”

“If you dig around you can probably find out, but you would have to proactively go and find out…it’s not openly volunteered”

“You don’t know how much of it is the company doing alright on their own or the WBPF saying I think we should change that and do it this way, it’d be better for the people. You don’t know

“I believe they do a lot of work but it’s not rolled out to us”

(Employee Focus Group)

**Issues and decision-making**

Again, as part of a young organisation, the East Midlands centre has experience a rapid rate of organisational change. In order to enhance understanding of the actual process of partnership, the study explored in detail how different issues have been handled, and how various decisions have been made. The section begins with a
discuss the traditional ‘trade union issues’ such as pay and working conditions, and then proceeds to explore some context specific issues.

1. Pay and Working Conditions

The forum is not involved in the formal negotiation of pay. However, there was evidence to suggest that representatives had been involved in pay and reward discussions, although their role is quite different to traditional collective bargaining conversations. Indeed, there is evidence to suggest that their role is in the capacity of an adviser as opposed to a negotiator. At the time of the research, there were four main examples of where the employee representatives had been involved in pay and conditions discussions with management, illustrating an advisory role.

i) Group Pension Scheme

The first issue concerned changes to the WebBank pension scheme. Historically, employees had to actively ‘opt-in’ to join the pension scheme. Following a recent check by the HR department it was discovered that over 1000 employees had never joined. The HR Director commented “it seemed ridiculous, people giving up money”. The forum representatives persuaded management to change the wording on the contracts so that new employees actively have to opt out, changing the default option to opt-in. This was agreed by the management team, albeit reluctantly as the HR Director still believed it was more logical to opt-in than to opt-out. The representatives also pushed management to backdate the payments to the time employees started as opposed to the opt-in date, at a cost of £1 million. The HR Director commented how, “I’m not saying that we definitely wouldn’t have done it if they hadn’t been involved, but they were involved and we did get that”. As he explained:

“They were supportive of that change. Which if they hadn’t seen it might have been harder to get through. There is generally a perception that people should choose to do something rather than choose not to do something” (HR Director.)

This change was endorsed by the team managers who suggested that the reason people were not joining the pension scheme was simply because of the long and complicated forms required to join, and the fact that new recruits received a mass of paperwork before they started it probably got overlooked.
ii) Bonus change

The second issue concerned a change to the bonus payment system. Representatives noticed many part-time employees were refusing their bonus and discovered this was because many were working mothers and as such were in receipt of family tax credits (FTCs) which they would lose if they exceeded the earning threshold. The representatives argued the case that this was not in the interests of the business (as many employees do not have an incentive to achieve targets), and that it is clearly also not in the best interests of the employee to refuse extra pay. As one of the representatives remarked, “how rubbish is it to say no thanks I don’t want a bonus”! Accordingly, they proposed alternative means of bonus reward in the form of vouchers. Following discussions between the forum and the HR Reward Team, the proposal was investigated in relation to feasibility issues such as tax and administrative implications of operating such a system. Following a pilot period, the business has now implemented a system of childcare vouchers as an alternative bonus option, without jeopardising their FTCs, and “it became a standard part of what we do”. There is also the option of having bonuses paid into their pension plan.

iii) Holiday purchase scheme

A further example of forum input, concerns a representatives proposal to introduce a holiday purchase scheme, which he had heard about working in other organisations. Issues of additional holidays was a recurring issue, and there was a degree of ambiguity as to whether or not employees could take unpaid leave or not. The idea was therefore to formalise and regulate an agreed process. The scheme involves the employer offering employees the possibility to trade their holiday for a proportion of their salary up to a certain amount each year. He carried out a straw poll on whether a holiday purchase scheme would be desirable within WebBank. In light of initial enthusiasm, he asked for a question to be included in the monthly employee survey to get a more representative employee reaction. He argued that the proposal could be framed both in terms of business rationale (less sickness and
unauthorised absence which are important issues especially in the contact centre environment) as well as the employee benefit. The Reward Team investigated the idea in detail, including the likely administrative/IT requirements of operating such a scheme. Then devised some viable options and it was subsequently piloted in one business area. Following the success, the holiday purchase scheme has since been implemented to the whole of WebBank.

\emph{iv) Pay review}

Lastly, this concerns some of the representatives joining the Reward Committee to discuss the nature of the reward packages, in terms of basic salary, bonus payments and other fringe benefits.

“Whether that was influencing or not, I don’t know, we would never be involved in that before. To be invited to be part of that, and for them to take into account what we were saying” (Employee Chair).

The representatives viewed being invited to join such discussions as evidence of their success in achieving ‘buy-in’ from the management team, although again it must be stressed there are not attending in a traditional bargaining capacity.

\textbf{2. Discipline and grievance}

It was clear that a key focus of forum involvement was in the conduct of discipline and grievance situations. The amount of discipline and grievance cases within WebBank was flagged by the HR Director as one of the key issues which concerned him, and the most explicit manifestations of ER problems. He suggested that there must be:

“Some kind of breakdown in the underlying contract between the individual and the organisation...it would be possible to you get some people who are going to be naughty, and therefore you are going to have to do stuff, but it does seem like something more than that” (HR Director).

He expressed some concern that the amount of cases was symptomatic of underlying problems but acknowledged that such issues are common in call centre environments. Typical issues included timekeeping, sickness, mis-selling and performance issues, although these issues were also common in the other cases.
Management and representatives suggested that in most disciplinary hearings a representative from the forum would normally be involved.

In such cases, the HR Director described the representatives as “useful independent people” who could re-assess a situation following a breakdown in trust between the line manager and an employee. The representatives agreed that dealing with discipline and grievance situations was one of their bread-and-butter duties. They would often attend disciplinary hearings, and offer advice to line managers and employees in advance of a hearing. The representatives were also involved with the modification of the discipline and grievance procedure to comply with the Employment Act 2002 which came into force on October 1 2004, providing statutory procedures which must be followed by employers and employees. To illustrate, one representative gave an example of a grievance he was currently dealing with:

“Our today I have an individual, 26 weeks pregnant, requested to work out of Bravo site, she lives two minutes from Bravo site. They are putting her through the ringer to agree this. The doctor is saying driving here and back is too much. And the manager involved is being an arse about it” (FT Employee Representative).

There were further examples of the forum representatives acting as an intermediary in a case where an employee resigned, and said she would only return if they could guarantee she would not have to work with a certain line manager again. Another case involved performance management and compliance with FSA regulations. A compromise was reached where one normally high performing employee did not receive her annual pay rise because of ‘red’ i.e. non-compliant calls. The employee received ‘2 red calls’ which meant she was technically not eligible for a pay rise. Previously agents were allowed 4 but this had been reduced to 2. The representative intervened, arguing that “when you’ve got a person like that, working their socks off for a whole year, and being an excellent role model that they should suffer for two red calls”. And the outcome was that the employee was “given a month to put together their development pack”, and her pay would be re-reviewed by the call centre manager.
However, frequent representative involvement in discipline and grievance procedures has actually created a problem. Team leaders/managers now mostly associated the People Forum with discipline and grievance procedures, and there was evidence to suggest that this had actually contributed to a certain degree of negativity by team leaders who developed a view that the Forum representatives were interfering outsiders. As one young team manager, who admitted little knowledge of unions, commented:

“To be honest I didn’t really like the People Forum…[at disciplinary hearings] I felt they were judging me, seeing whether I’m right or wrong, trying to catch me out. I got really uncomfortable to the point I wouldn’t look forward to having a conversation with an WBPF rep. They made me nervous” (Team manager).

He qualified this by explaining how over time he had managed to build a stronger relationship with one of the representatives, and was no longer intimidated, and even going to them for advice commenting how “they are there for me as well”.

Their usefulness was echoed by another line manager:

“They are there where people feel they haven’t been treated fairly, for example at a disciplinary. Most people that go to a disciplinary are blind to the problem at hand. Or if they are not blind to it they don’t see why it’s such a problem. So for them it’s not a fair process. Even if everything is as fair as it can be. The way they work is really interesting in that they’ve got both parties interests at hand. If they can see that, they’ll tell the person it’s fair, and if something is said that isn’t fair, you have somebody there to support you” (Team manager).

He gave an example where a normally conscientious individual was almost dismissed because of a poor attendance record. However, after Forum intervention the underlying cause was discovered: the employee believed they had been the victim of bullying by a manager. Following a detailed investigation, the situation was resolved, with the employee reporting to a new line manager, and the development of an ‘attendance plan’. The team manager believed that had there been no Forum intervention, the employee would probably not have “opened up”, and would have been dismissed, and the root of the problem never identified. Yet the problem remained that for many middle managers the forum was perceived to be a nuisance, especially with managers who have limited involvement with the representatives, and typically little experience of unions either. As a team manager commented, “If you’ve got managers who are quite new to the job and unsure of what you are doing then yeah, they feel a threat to you, they are almost a party scrutinising your actions”. This tension was acknowledgement by the representatives:
“Let’s face it, anytime they ever see us, it’s a disciplinary so they think God, it’s them again. What we’ve got to do it to actually educate them that we are working for all WB people, and not just associates. We will represent associates, line managers, team leaders, and the management have even got their own reps as well. It’s working. Slowly!” (PT Employee Representative).

For one senior manager the key issue was achieving some sort of balance between giving employees a fair hearing, but also engaging ‘commonsense’ when there was clear evidence to suggest the employee had genuinely been irresponsible. He commended the People Forum arguing that the representatives are normally balanced in that they can send employees who have a weak case “away with a flea in their ear” rather than “creating headaches with grievances that just won’t go anywhere”. He described this balanced attitude as, “I understand what you are up against Mr Manager, but I think this guy could be treated better than he is, and that happens in the majority of cases”. A part-time representative stressed that during disciplinary cases it is not ‘us and them’, but rather ensuring there is a fair and consistent hearing, and not necessarily backing-up a recalcitrant employee with a non-existent case. As he stated, “We just wanted to make sure due process has been followed. You can’t go from step 1 to step 5 in one move – you just can’t do that”.

3. Managing change

The third main area of involvement was around issues of managing change. Two are particularly noteworthy: the technology restructure, and the suspension of duvet days in the call centre.

i) Technology restructure

Firstly, a recent restructure in the technology department was highlighted as a good example of joint-working between the management team and the representatives. There was involvement of one of the representatives in the selection process, discussing issues regarding the proposals, the new job roles and the selection procedures. It was suggested that before this would not have happened as representatives described a “1/2 hour before it kicks off approach”. Representatives recalled an incident in 2003, during the early stages of the forum,
where they were informed about a major restructure with redundancy implications only 24 hours before it was announced to the entire business. They suggested that this meant the only input they could offer was “support people and nibble at the edges”. However, there were now more examples of early involvement. It was suggested that employee representatives had been involved at a much earlier stage, at least three months in advance. The representatives suggested the initial selection procedure appeared to be slightly arbitrary – and suspected some favouritism - and consequently pushed for a more transparent procedure. There was a feeling that managers were making people redundant – favouring certain friends and colleagues - as opposed to focusing on job roles. It was believed that the final selection process was much fairer as a result of the dialogue. Moreover, there was a sense that sometimes managers can devise pure process models with a logical business case but “forget the human side”. It was proposed that the HR department occasionally focus too much on making sure that restructures and resultant redundancies are legally compliant, but overlook the human factors, and this was suggested their additional perspective is a key area where the People Forum could add value. This was echoed by another representative who commented how, “legality is the start of how we should work, not the end of how we should work”.

Speaking of the most recent restructure, a senior technology manager hailed the benefits of the forum involvement. He described the representatives as a useful sounding board, providing valuable insight into potential employee reaction. He believed they acted as a useful feedback mechanism to the management team, as well as someone employees can talk to allay their concerns. As he explained, “They help us in the design, help us by being available to accept feedback...and a general sense of how things are felt by those out on the floor”. The WBPF representative helped by providing comments the management team had not considered, and also being available to talk to those affected. Following the option-based model discussed earlier, the aim was to question and to propose alternatives. He was not part of the actual delivery mechanism, however, to ensure he was not perceived to be ‘part of management’. It was suggested this provided, from a
management perspective, a useful checkpoint and review mechanism throughout the entire re-organisation project. As one representative summed up:

“With that restructure we were involved from day one. It’s alright saying, oh, the people will be OK. A nice process flow. Clockwork. We are doing this, this is why, and this is the business case. But they forget the human side. And sometimes HR forget that. HR need to see things are legal and watertight. But they can get wrapped up in that, forgetting the human side. And if we get involved we can suggest that. And if things are really bad we can suggest scrapping things that are really bad. You can’t make people redundant on Christmas Eve. You just can’t do that” (Part-time Employee Representative)

**ii) Suspension of duvet days in the contact centre**

WebBank had trialled a scheme of ‘duvet days’ in the contact centre, in response to suggestions by the Forum representatives who had heard about such systems working successfully in other organisations. They believed this could be a good idea in the contact centre environment where sickness and absenteeism can be a problem. Essentially, ‘duvet days’ involve four days ‘no-questions-asked’ leave which employees can take at short notice, and are specifically designed to reduce ‘sickies’. In practice, employees would have the ability to request last minute leave prior to the start of their shift, by requesting a duvet day from a fixed number available on a first-come-first-served basis. In other words, they enable employees to take leave at much shorter notice than they would normally be expected to give.

In November 2004 it was decided that there was a lack of capacity to accommodate the 4 duvet days due to high sickness in November 2004, and the average service level had fallen below the 60% company target. They were also failing to meet the target of answering customer calls within 20 seconds. The representative was consulted before they change, but had a serious concern that if the message was poorly communicated it could easily have been misinterpreted, making the situation even worse. She highlighted that a basic factual communication of “duvet days have been suspended” would have created a lot of anger in an already overstretched and demoralised work environment in the run up to Christmas. As she explained:

“By consulting with us about it he was able to put out a better message, that sat better with people working under pressure constantly. It really wasn’t a good place to be in November!” (FT Employee Representative).

In other words, the representative was in touch with the general climate in the contact centre and was able to ensure that the decision was handled and communicated in a sensitive manner “by putting some context around it”. The
message was therefore delivered on the basis that the suspension was with reluctance and only temporary, rather than a punitive response to high absenteeism. In this way she was able to foresee and warn the management of potentially negative consequences.

**Outcomes**

The main benefits were identified as collaborative relationships between senior management and employee representatives, and the regulation of decision making.

1. **Collaborative senior management – employee representative relationships**

   Positive working relationships between management and employee representatives were an important outcome of the partnership working approach. This has been described as an informal ‘relational’ approach, based upon an agreed way of working based upon the ‘Options-Based Consultation’ approach. In particular, the good relationships between the full-time employee representatives and the Chief Executive appear to be central to the success of building and operating the structure within a relatively short period of time.

2. **Regulation of decision-making**

   There was evidence of some strong relationships especially between the full-time representatives and members of the senior management team, and that benefits were being derived as a result of these relationships. Management interviewees were positive about what they gained from forum representatives in terms of their input into organisational issues. They were seen as adding value, providing new perspectives, and acting as a useful checkpoint on management decision-making. Senior managers agreed that there is a need for such a system as it allows flaws to be identified, allowing pre-emptive corrective action to be taken at an early stage, ultimately resulting in better, and more efficient, management decision-making. Senior managers agreed that often representatives had good judgment and
knowledge, and were therefore useful in identifying potential employee relations ‘flashpoints’. As one senior manager summed up:

“Because they are in at the front, we don’t go down the road of designing something wholly inappropriate. Of course nothing is perfect, but we’ve already had input from people who have a different perspective. So it stops us wasting money doing things that won’t work anyway (Senior technology manager).

Equally, representatives have experienced increased involvement over time from ‘sausages in the canteen’ and ‘fleas in the carpet’ to being invited to provide input on more strategic issues and being consulted earlier in the decision-making process. Their involvement now spans a wide array of both day-to-day as well as more strategic issues. It is noteworthy that while representatives had a degree of influence over the regulation of decision-making, they were not involved in actually making decisions per se. Nevertheless, it was suggested that there was a generally calmer climate of employment relations as a result of the mechanism. Since the representatives were able to predict many problems before they occur, acting as a feedback loop for employee opinion, as well as a cathartic outlet for disgruntled employees. As the forum Vice Chair explained, “I think compared to a union we are very slick. We are a lot more powerful than some of the old adversarial unions”.

Both management and representatives emphasised that one of the differences between partnership and non-partnership working, is that with the former both parties express a joint commitment to business success, and try to moderate decisions with that overall goal in mind. It was proposed that while a classic traditional approach is normally characterised by the business trying to maximise profit while the representatives try to maximise pay and working conditions, partnership approach operates somewhere in the middle ground. Theoretically then, it is based upon a combination of both unitarist and pluralist assumptions. In practical terms, this meant the forum aim was ‘fairness’ as the quotes below illustrate:

“I think for me the WBPF is all about being fair. Fair to the business. Fair to the individual. There has got to be some middle ground in there somewhere, and it’s all about fairness” (FT Employee Representative).
“All you can do is make sure it’s a fair decision...That’s what annoys me about the union. Saying they can do more than we can because they have more power. If WB decide tomorrow to move to India, who’s going to stop them? No-one! We always reckon that we’re there for people and they get a fair deal. We would have as much power as the unions” (PT Employee Representative)

As the Vice-Chair remarked, “The issues haven’t changed, we still get them. The way we deal with them has changed”. This is a crucial distinction as the examples provided earlier illustrated how the process and manner in which issues were handled was important as well as the actual outcome.

**Challenges**

However, several challenges to the effectiveness of the process were evident. These included difficulties embedding a partnership culture, representative efficacy and resistance to adversity.

**1. Embedding a partnership culture**

It was evident that the closest relationship was with the HR department and that forum involvement was not spread equally across business units. Indeed, there were still many examples where representatives are not consulted. Again, much depended on the individual departments and attitudes of managers involved. There was inconsistency across the business, and it was suggested by the representatives that managers “are not sharing best practice” in terms of consultation with the forum. As the HR Director acknowledged:

“I need to put a continued emphasis on my team to include the WBPF, as opposed to actively exclude them. When you are trying to get something done, sometimes you don’t remember to talk to everybody…it’s a frustration for me when they are not involved because I think we get better results when they are.” (HR Director).

A related challenge was getting the buy-in of employees and raising the profile of the representative body. There was still a lack of awareness among employees about the Forum and their role, for example in relation to their successes and achievements. Many employees had a greater awareness of direct EI practices, and
expressed a preference for raising issues directly with their line managers, unless of course it was a specific complaint about their line manager. A dilemma was present in that many ideas are communicated as though they were the idea of management. The representatives believed this allowed them to distance themselves from management decision-making, but resulted in employees not really appreciating how the forum had contributed or improved outcomes for them. Many employees remembered representatives from induction sessions, and there was a general knowledge that they existed, but a lack of clarity over their exact role.

Additionally, the HR Director expressed some concern that the forum tended to be used primarily by those lower in the organisational hierarchy, and especially those working in the call centre environment. The forum appeared to have less interaction with more senior employees. Officially there are elected representatives from the management population but they were not particularly active, and this was identified as a weakness. Several reasons may be speculated for this situation. It could be that the labour process in the call centre gives rise to more issues which are subsequently voiced. It was clear that the working environment is more regulated there than in other parts of the business where employees have more autonomy. Alternatively, managers may not consider the forum to be ‘for them’, or they may feel sufficiently confident to raise issues personally without representative assistance. The bias may also reflect the fact that those working in the call centre represent a large proportion of the employee population.

Middle management attitudes towards the forum may also be partly responsible. As discussed earlier, many line managers perceived the forum to be a hindrance rather than an ally. They believed that sometimes the emphasis on procedures and following processes clashed with the business objectives of dynamism and flexibility. A typical example could be a line managers desire to change an employees shift to accommodate changing business needs. On the one hand the manager is pressurised to resource the team effectively, whereas on the other they have a process which they must engage in before changes can legitimately be made.

*“From a management point of view we do have quite a lot of buy-in. Especially at the top and bottom. It’s the middle layer we need to infiltrate more. They are the really important people.*
A lot of them are the decision makers on the ground. It’s the middle piece. But we are getting there I believe” (FT Employee Representative).

Line manager resistance and perceptions of representatives as an interference is a common finding across the three cases, and is consistent with the EI literature (Marchington et.al, 1992). It was suggested that there was a need to demonstrate to middle-managers how they can actually add value, and a feeling that too often they are associated as advocates of employees during disciplinaries.

2. Representative efficacy

A second important challenge concerns representative efficacy. The representatives believed that there was a challenge convincing employees that they are not management lackeys, but that this is difficult as grassroots employees are not aware of what goes on behind the scenes.

“Although we are not lackeys to the management sometimes we can’t change decisions. All you can do is make sure that it’s a fair decision. No-one wants to be redundant but if you can show the reasons why, and the mitigating circumstances, what you have done to lighten the impact. Might not be happy but they’ll know we did everything we could. If we can’t change the decision we’ll lessen the impact. Do everything we can. If you have to make 2 more calls per hour and you are not happy with it, we’ll at least make sure you know why”. (PT Employee Representative).

“Need to dispel any myth that we work with WB and are therefore in service to WB. And are we doing what WB want us to do. Actually we have some pretty heated debates” (PT Rep).

Representative efficacy is also important in the eyes of senior managers. Senior managers suggested they need more grassroots feedback via the forum, especially if buy-in to the concept is going to spread across the entire business. This was a challenge, however, because managers acknowledged that many members of the management team seek value in quantifiable terms, when in reality the value added was very often more subtle and intangible, but nevertheless important. There is also the need for representatives to find the fine line between being perceived to be toothless, and being perceived to be ‘militant’ or ‘anti-establishment’. This was a concern expressed by some managers. In relation to this belief two points are noteworthy. Firstly, in unitarist terms, there is the danger that managers may deem any representative who is particular vocal to be ‘militant’ or a ‘troublemaker’. Secondly, in pluralist terms, this could be interpreted as a measure of success suggesting that representatives are able to raise concerns and disagree with
management. Much appeared to hinge upon the personalities of representatives and their ability to build a constructive rapport, as well as the previous employment relations and work experiences of individual managers.

3. Resistance to adversity

The third theme concerns the robustness of the forum and the ability to deal with a ‘big issue’. For example, the forum has been championed since its inception by a few key players from the management community, including the Chief Executive. Similarly, the Employee Chair and Vice Chair have both been involved in the creation of the structure since 2000. A concern, therefore, is the impact a major change on some of the key characters and ‘champions’ may have on the effectiveness of the structure. This leads to the question of the sustainability a partnership hinged upon a few key characters and seconded representatives.

A related issue is the ability of the forum to deal with some major difficult issue. As a representative explained:

“It’s all nice and lovely at the minute, but we are going to hit big things. Big things will happen. Can we challenge them successfully? And have enough information to challenge? That’s my concern really” (FT Employee Representative).

There are several reasons why a major event could give cause for concern. As highlighted earlier in this chapter, the representatives are not negotiators and the structure is very much upon terms defined by management, and reliant upon employer goodwill. This leads to the question of whether the Forum would have enough information - and indeed the ability to understand information - for example why a department is closing down. Again, this is related to the ability of representatives, and unlike the NatBank and BuSoc cases they do not have union officials or intelligence to draw upon. They do not have as much external support as unionised bodies, notwithstanding their engagement with external bodies like the IPA. Representatives are increasingly involved in dealing with complicated casework around discipline and grievance and absenteeism. At Nat Bank and Bu Soc representatives have the ability to gain specialist advice from the central union. However, this is not to say the representatives at WebBank have been working in
isolation; indeed they have forged an impressive network of contacts from whom they seek advice. For example, the representatives have arranged external training on issues including health and safety, discipline and grievance procedures, and performance management, and have worked closely with the Involvement and Participation Association.

Conclusions

This chapter has presented the findings of the third case study at WebBank. This presents a good test of partnership for several reasons. Firstly, WebBank does not currently recognise a trade union, but has developed an in-house employee forum, obtaining external institutional support from organisations such as the Involvement and Participation Association and Acas. This makes this one of the few explicit studies of partnership in non-union organisations. In addition, the route to partnership is interesting. The evidence suggests that as soon as the business expanded management decided to push for a representative body, and it is possible that this reflects the norms of the sector and the fact that most of the senior management joined the organisation from other organisations in the same sector. The structure was not a response to a particular crisis as is often the case. Though a range of formal structures exist emphasis was place on informality and minimising burdensome procedures. This may reflect in part the cultural context: WebBank was launched with the objective of being a new dynamic player in a traditional and conservative marketplace. Employees are young, the offices are purpose built and unconventional, and many do not have previous financial service experience.

At WebBank the partnership model was proposed by the representatives, following consultations with other companies and the advice of organisations such as IPA. The primary component of the partnership structure at WebBank is the People Forum which has evolved from a part-time forum investigating ‘sausages in the canteen’ to a structure with 16 representatives, three of whom are on full-time
secondment to the post. The evidence suggested that most managers, employee representatives and employees were happy with the principle of non-union representation, regarding trade unions as overly political, inflexible and hostile. Partnership did not mean joint-decision making, rather, the cornerstone was early consultation with representatives before decisions had been made, affording them the ability to question, challenge and propose alternatives.

Relationships between senior management and the representatives were good, with relationships between representative and line managers/employees patchy. Yet line manager resistance could be interpreted as evidence of impact, and as such the same can be said of relationships in unionised environments. Employee expectations may also change over time, and there is the possibility that the forum could whet their appetite for ‘stronger’ – whether real or perceived – union representation. Sometimes it was believed there was a convergence of interests; at others the aim was trying to achieve some kind of balance between bank interests and employee interests. Areas where representatives had been involved spanned across areas of pay and conditions, discipline and grievance and the management of change. Though they are not negotiators, they argued that through consultation they were able to persuade and influence, often securing fairer outcomes for employees by reminding management of ‘the human side’ of business decisions. A key question is whether, in the current climate, a union could actually deliver more.

Through the process, management benefited from input into decisions and information regarding employee opinion and morale. Representatives and employees had the opportunity to have their voice heard by the top management of the organisation. The business was able to avoid making counterproductive decisions, while workers benefited from decisions which had been discussed in detail, and were sometimes ‘fairer’ than they may otherwise have been. Of course several challenges remain. These include embedding a partnership culture across the entire organisation, communication, and raising employee awareness. There are also questions of how the structure and relationships could withstand a period of adversity. The representatives also have to contend with the issue of demonstrating
their efficacy to both management and employees, but without appearing ‘too aggressive’ to alienate managers, while simultaneously not appearing ‘too soft’ to alienate their constituents. Perhaps, the most stark finding then is how remarkably similar these issues are to the experiences of the two unionised case studies. In short, the evidence calls into question views of non-union structures as toothless cosmetic institutions with little impact on the quality of employment relations, and not only empirically confirms the theoretical possibility of partnership without unions, but shows partnership without unions demonstrating a moderate degree of success.
Discussion
Chapter 8: Discussion

Introduction

The purpose of this chapter is to compare and contrast the results from the NatBank, BuSoc and WebBank case studies outlined in the preceding three chapters. After providing a reminder of some of the main challenges in the literature, the chapter begins by outlining the different contextual factors in each organisation. It then reviews the meaning of partnership, both in terms of official policy statements as well as the understandings and interpretations of organisational actors. The aim is to then explore the process of partnership. This includes an examination of the relationships between organisational actors, and then the way decisions are made and issues are handled. The chapter then explore the outcomes of partnership from the point of view of organisational actors. Finally the chapter outlines some of the main challenges to partnership. The general approach is outlined in Table 8.1 below.

![Figure 8.1 Partnership: context, meaning, process and outcomes](image-url)
Context of partnership

Partnership has become a portmanteau term used to refer to a wide variety of employment relations arrangements. The cases presented in the thesis are in many ways similar: they are all based on customer service departments in financial service organisations, and as such the type of work undertaken is comparable, as is the general employee profile. However there are important differences between the organisations which should be flagged. Taking account of contextual factors is important in order to test how partnership plays out in different contexts, and to avoid acontextual deterministic assumptions about the implications of partnership. These will now be discussed in turn.

Routes to partnership

Firstly, the case studies represent three very different espoused routes to partnership: as a solution to a prolonged period of poor industrial relations; a natural evolution of employment relations, and a preferred approach to the management of employment relations in a greenfield context.

i) Bad industrial relations: partnership as a solution

NatBank is in many ways typical of the current literature whereby a formal partnership deal has been struck in response to both a business and industrial relations crisis in the late 1990s. This culminated with a period where the business was losing the confidence of the City, as well as industrial action with the union over proposals to introduce performance related pay. Senior figures suggested management-union relationships in the 1990s were typically characterised by arms-length contact, conflict and a frequent long nights with Acas arbitration. There was a realisation by senior management and union officials that the existing situation was untenable, and the language of partnership as espoused by the New Labour government, TUC and IPA was viewed as a potential solution to the industrial relations ‘problem’. This is similar to many cases of partnership, for example
Hyder/Welsh Water, Borg Warner, Legal and General, Scottish Widows and Tesco (Coupar and Stevens, 1998; Kelly, 2004), especially in financial services (Kelly, 2004). It could be suggested that such a context limits the scope for mutual gains (Kelly, 2004), although equally it could be argued that such a context actually provides an important motivation to improve employment relations.

ii) Good industrial relations: partnership cements existing relationships

BuSoc has a Recognition and Procedural agreement with the company union it has recognised for 30 years. Unlike NatBank there was no specific ‘turning-point’, but the espoused de facto partnership relationship has been built over a long time, and was said to have hinged upon close working relationships between union officials and members of the senior management team. There is no reason to rule out this situation as an example of partnership, after all partnership must be viewed as a process and not merely as an agreement (Richardson et.al, 2004). BuSoc Union have a long history of co-operative employment relations, and have never taken the Society to Acas or engaged in industrial action. This could partly be attributed to the union’s history as a staff association, only becoming an independent union affiliated to the TUC in the late 1990s. Most studies focus on formalised partnership arrangements, although some authors acknowledge the possibility of less formal ‘partnership relationships’ (Oxenbridge and Brown, 2004b). It could be suggested that this would provide an auspicious environment for mutual gains.

iii) Partnership as a natural evolution or response to an external threat

WebBank is an example of a non-union partnership established in 2000. It was suggested that management at WebBank did not believe union recognition was the most appropriate option for WebBank, which it believed to be inappropriate to the companies youthful entrepreneurial style, and instigated the development of an in house representative structure in 2000. The structure is still in its infancy, and there is no long shared history as there is in the other two case organisations. Biographies of the Executive Team reveal they all have experience of working in unionised financial service organisations prior to joining WebBank, suggesting that perhaps
despite official greenfield status, sectoral norms may have played a part in the creation of a representative body as soon as the company began to grow. Cases of non-union/greenfield partnerships are limited in the existing literature, again, presumably because they are rare. As a greenfield site WebBank could also be viewed as a positive environment for the development of a fresh approach to the management of employment relations. It can be speculated that partnership here was either a response to an external threat (external union recognition/European consultation legislation), the traditions of the parent organisation, or a natural evolution of a rapidly expanding young organisation. From the perspective of institutional theory, there is also the possibility that the company imitated the collectivist norms of the industry generally, or was influenced by perceived industry best practice. In reality, the rationale is likely to have been the result of a combination of factors.

The background to partnership in the three organisations is therefore very different, and reflects the heterogeneity of partnership arrangements that exist. During the 1990s NatBank experienced an extended period of adversarial employment relations whereas historically BuSoc has had a much more co-operative relationship with the in-house staff union. Interestingly, during the 1990s the union at NatBank had begun resorting to more adversarial tactics, while at the same time the BuSoc staff association was changing its name to a staff union to underline their independence, and emphasise their role as one of challenging the employer. WebBank does not have a long history of employment relations to examine, and it could be speculated that this would be a benefit for the organisation as it does not have any embedded culture or employment relations baggage to contend with (Leopold and Hallier, 2000). Starting fresh appeared to be a deliberate strategy of the parent organisation who deliberately located the business in an area where employment in financial services is low, although it is equally possible that certain organisational and sectoral norms were inherited.
Corporate governance

Another important point of comparison concerns corporate governance. As a mutual organisation not responsible to shareholders, BuSoc has developed a reputation as a paternalistic employer and has won various awards in relation to employment policy. It could be speculated that this context would provide a fertile environment for partnership, given that shareholder pressure is often seen to be one of the main barriers to high-trust relationships in a liberal market economy such as the UK. It is therefore interesting that they maintain a strong institutional separation between bargaining and consultation and have avoided a more opened-ended partnership agreement, although it may be speculated that the prospect of pendulum arbitration explains why the employer is reluctant to include more negotiable items, any why the union decided against a partnership agreement. On the other hand, NatBank and WebBank are PLCs, with pressure to deliver short-term results to investors. When WebBank was listed on the stock exchange in 2000, managers suggested that there was a palpable change in management style, as they now had to been seen to be responsible and delivering to investors. As such, it could be speculated that the PLCs represent a more challenging environment for the development of partnership relationships, and that mutual organisations operate in an environment more conducive to partnership. Equally, it could be argued that PLCs may be more proactive and actually work harder at HRM, because they do not enjoy the economic cushioning that mutuality affords, especially if they believe organisational performance requires good employment relations.

Trade unions and IR history

Comparisons can also be made in terms of union recognition, and the particular case studies have afforded the opportunity to compare partnership in three different contexts. NatBank recognises an external trade union with which it has long relationships, and which itself is the result of a series of staff association and union mergers. BuSoc recognises an internal staff union with which it has had a relationship since 1965, and is also the result of mergers, as the representative bodies merged following business mergers. WebBank has no formal union recognition, but instead has opted for an in-house representative body known as a
‘People Forum’, established in 2000, two years after the company was founded. On this count it may be proposed that non-union arrangements may be less deep-rooted and that partnership is more likely to flourish in unionised contexts. Alternatively, partnership may be more likely to flourish in an environment without historical IR baggage. The historical background is summarised in Table 8.1 below.

Table 8.1
Chronology of partnership practices at the case companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Development</th>
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<tbody>
<tr>
<td>NatBank</td>
<td>• 2005 5 year partnership agreement signed with Amicus</td>
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<td></td>
<td>• 2000 5 year partnership agreement signed with Amicus</td>
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<tr>
<td></td>
<td>• 1997 Industrial action</td>
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<td></td>
<td>• 1999 BIFU merges with NatBank Staff Union and Nat West Staff Union to form UNIFI</td>
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<td></td>
<td>• 1999 UNIFI inaugurated</td>
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<td></td>
<td>• 1998 Union merger discussions</td>
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<td></td>
<td>• 1996 BIFU leadership changes</td>
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<td></td>
<td>• 1996 UNiFI affiliates to TUC</td>
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<td></td>
<td>• 1995 NatBank Staff Union renamed UNiFI</td>
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<tr>
<td></td>
<td>• 1995 First ever national strike</td>
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<td></td>
<td>• 1993 New General Secretary elected to head NatBank Staff Union</td>
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<td></td>
<td>• 1992 First national vote for action short of a strike</td>
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<td></td>
<td>• 1990s Poor industrial relations</td>
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<td></td>
<td>• Banking Insurance and Finance Union and NatBank Staff Union recognised</td>
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<tr>
<td>BuSoc</td>
<td>• 2005 Employee Involvement Committee established</td>
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<tr>
<td></td>
<td>• 1999 BuSoc Staff Union affiliates to TUC</td>
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<tr>
<td></td>
<td>• Staff association becomes staff union</td>
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<td></td>
<td>• 1991 first General Secretary appointed</td>
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<td></td>
<td>• 1990 BuSoc staff association formed following merger of BuSoc and another building society</td>
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<tr>
<td></td>
<td>• 1965 BuSoc staff union recognised</td>
</tr>
<tr>
<td>WebBank</td>
<td>• 2005 Commitment to remain non-union</td>
</tr>
<tr>
<td></td>
<td>• 2003 Commitment to remain non-union</td>
</tr>
<tr>
<td></td>
<td>• 2003 Revised People Forum with 3 full-time seconded representatives</td>
</tr>
<tr>
<td></td>
<td>• 2000 People Forum founded</td>
</tr>
<tr>
<td></td>
<td>• 1998 Company founded</td>
</tr>
</tbody>
</table>

**Partnerships structures and formality**

The fourth dimension concerns the differences between the formal partnership structures. All organisations have a wide array of representative structures typical of organisations espousing a partnership approach (Tailby and Winchester, 2000; Ackers *et al.*, 2004).
Table 8.2

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>NatBank</th>
<th>BuSoc</th>
<th>WebBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>Partnership framework</td>
<td>JCNC</td>
<td>Employee Forum</td>
</tr>
<tr>
<td>Union</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
</tr>
<tr>
<td>Collective bargaining</td>
<td>Joint consultative committee</td>
<td>Joint consultative and negotiating committee</td>
<td>×</td>
</tr>
<tr>
<td>Joint consultation</td>
<td>Partnership committee</td>
<td>JCNC</td>
<td>Forum</td>
</tr>
</tbody>
</table>

The representative structures are, unsurprisingly, the cornerstone of partnership in the three organisations (Table 8.2), although all organisations also had EI practices. Of course the true test is how the structures actually operate in practice. The representative partnership structures were most formalised at NatBank. This could be attributed to their industrial relations experience, and the fact that the company is part of a large multinational organisation and has earlier experience with such structures, for example by having to establish European Works Councils for their non-UK operations. The organisation also has a long history working with a large national trade union as well as with an internal staff union.

Formal structures were less important at BuSoc, where there was a much greater emphasis on close relationships between key actors and no formal partnership agreement. Rather, BuSoc and the Union formally retain a traditional Recognition and Procedure (R and P) agreement. Management and union officials suggested the recognition and procedure agreement is a poor reflection of the reality of the conduct of employment relations within BuSoc. For example, the formal JCNC negotiating body ostensibly the main negotiating forum between the union and management. However, management and union officials agreed that in reality the JCNC seldom meets; in fact most agreements are said to be reached through much more informal channels. The company is much smaller, as is the union with only 15 staff, many of whom are on secondment from – or ex-employees of – the society. For example, the General Secretary is a former branch manager, the President a seconded senior technology manager, and the Assistant General Secretary was formerly Employee Relations Manager. The smaller size and shared history could
explain the higher level of informality, and reliance on networks of relationships rather than formal structures. They admitted that their recognition and procedure agreement does not reflect the ‘new age’ of industrial relations, and that the document is underlined by assumption of industrial relations conflict rather than positive working relationships. However, union reluctance to engage with a partnership agreement appeared to stem from firstly the availability of a powerful pendulum arbitration tool under the current agreement, and secondly a fear of being perceived to be too close to management. At WebBank there was also a much greater emphasis on informal relationships and again no formal partnership agreement, but significant emphasis on developing an impressive array of formal partnership structures. A summary of the key contextual differences is provided in Table 8.3 below.

### Table 8.3

<table>
<thead>
<tr>
<th>Comparison of contextual factors</th>
<th>NatBank</th>
<th>BuSoc</th>
<th>WebBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Route to partnership</td>
<td>Conflict</td>
<td>Evolutionary</td>
<td>Proactive</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>PLC</td>
<td>Mutual</td>
<td>PLC</td>
</tr>
<tr>
<td>Trade unions</td>
<td>External union</td>
<td>Staff union</td>
<td>Non-union</td>
</tr>
<tr>
<td>Structures and formality</td>
<td>Formal</td>
<td>Informal</td>
<td>Informal</td>
</tr>
</tbody>
</table>

**Definitions of partnership**

Partnership has become such a catch-all term in management and union circles, leading to the problem of distinguishing between partnership and non-partnership organisations. Clearly there is a need to establish whether the organisations under scrutiny qualify as prima facie partnerships. There is an issue in the literature as to how we can have many case studies of partnership, when researchers cannot agree on what exactly constitutes a partnership organisation. For example, IRS (1999) identifies Abbey National as a partnership organisation whereas a review by Kelly (2004) identifies the organisation as a non-partnership organisation. The most influential definitions have been proposed by the Involvement and Participation Association and the Trade Union Congress.
Table 8.4
Formal definitions of partnership

<table>
<thead>
<tr>
<th>Principle/organisation</th>
<th>NatBank</th>
<th>BuSoc</th>
<th>WebBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint commitment to organisational success (IPA)</td>
<td>Securing and promoting the long terms success of NatBank</td>
<td>BuSoc and the Union have a common objective in ensuring the efficiency and prosperity of BuSoc and its employees</td>
<td>Joint commitment to WB’s success</td>
</tr>
<tr>
<td>Commitment to success of the enterprise (TUC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutuality recognition of the legitimate role and interests of all parties (IPA)</td>
<td>Legitimate interests of other stakeholders, carry out duties in a way that demonstrates mutual trust</td>
<td>BuSoc acknowledges the Union’s duty to promote and safeguard the interests of its members...acknowledges the benefits of BuSoc employees being members of the union</td>
<td>Recognition for legitimate roles, interests and responsibilities</td>
</tr>
<tr>
<td>Recognising legitimate interests (TUC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment and effort to develop and sustain trust (IPA)</td>
<td>Carry out respective roles and duties in a way that demonstrates mutual trust</td>
<td>×</td>
<td>Trust – building trust throughout WB</td>
</tr>
<tr>
<td>Means for sharing information (IPA)</td>
<td>Openness with information about the business, communicating openly and honesty</td>
<td>Regular meetings with the union, maintain effective communication and exchange information on business issues</td>
<td>Transparency – sharing information and organisational policy consultation</td>
</tr>
<tr>
<td>Transparency (TUC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultation, joint problem-solving and employee involvement (IPA)</td>
<td>Problem-solving</td>
<td>Both parties agree that effective consultation and negotiation are instrumental...use appropriate channels of communication, consultation and negotiation to address issues</td>
<td>Meaningful consultation at all levels within WB.</td>
</tr>
<tr>
<td>Policies to balance flexibility with employment security (IPA)</td>
<td>Employability and avoiding compulsory redundancies develop flexibility to promote commercial success</td>
<td>Security of Employment and Redundancy Agreement. Looks at business need to be flexible and ensure employees have maximum protection.</td>
<td>Flexibility and understanding of why change is required, encouragement of internal movement</td>
</tr>
<tr>
<td>Commitment to employment security (TUC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus on the quality of working life (TUC)</td>
<td>Promoting equality of treatment and opportunity for all, and valuing diversity</td>
<td>Fair treatment at work, discipline and grievance, equality, training and development</td>
<td>Right to be represented and to have equal opportunities within the business. Exceptional training and development.</td>
</tr>
<tr>
<td>Win-win (TUC)</td>
<td>Promoting the interests of employees, customers and shareholders</td>
<td>BuSoc’s responsibility to manage the business in the interests of BuSoc, it’s employee and customers</td>
<td></td>
</tr>
<tr>
<td>Sharing organisational success (IPA)</td>
<td>Recognising and rewarding exceptional performance</td>
<td>Prosperity for customers and employees</td>
<td>Sharing organisational success (bonuses and PRP?)</td>
</tr>
</tbody>
</table>
Table 8.4 (above) reminds us of the official formal definitions, and compares these with official statements of company and union policy in the case organisations.

The NatBank partnership agreement was explicitly based upon the TUC Partnership Principles and therefore clear similarities can be seen between the terms of their agreement and official definitions. At BuSoc analysis is more difficult because there is no explicit partnership agreement. Nevertheless, an official version of their espoused employment relations approach can be deduced from various other union and human resource documents. This confirms that the fact that there is no partnership agreement notwithstanding, partnership-style terminology is indeed present in various management-union documents. The Commitment Document at WebBank was based partly on principles devised by the IPA, and again reflects many of the core ideas of partnership.

It is useful to consider some of these core ideas in detail. As Table 8.4 reveals, in each case there is an explicit commitment to organisational success. There is also a commitment to the legitimacy of interest representation. At NatBank this is referred to as the “legitimate interests of other stakeholders”, while at BuSoc there is an acknowledgement of the legitimacy of the union, and encouragement of union membership. A similar sentiment is expressed in WebBank documentation, suggesting the recognition of legitimate roles, interests and responsibilities although not of a union per se. The importance of trust is a emphasised at NatBank and WebBank but is not an explicit component of BuSoc agreements. Information sharing and transparency is at the core of all three agreements. Similarly, issues of consultation and problem solving are also mentioned in all organisations. Employment security and flexibility are outlined in detailed documents at NatBank and BuSoc, but at WebBank the commitment is more ambiguous, focusing more upon encouraging an understanding of the rationale of why change, including redundancy, may be deemed necessary. Issues around the quality of working life are present in all cases, and generally encompass topics such as training and development, equal opportunities and diversity. The notion of win-win outcomes is espoused by NatBank and BuSoc suggesting that the ultimate aim is to balance
issues of customer, employee and shareholder interests. This is not explicitly mentioned in WebBank documentation. However, in accordance with the IPA definition the notion of sharing organisational success is evident. All cases express a commitment to recognising, rewarding and sharing organisational success. Again, it is worth clarifying at that this stage, that while the process of partnership may aim to achieve such outcomes, it is not assumed that such notions are intrinsically an outcome of partnership, but merely that the process concerns an aspiration to achieve such outcomes.

In short, it is argued that in terms of official policy statements the commitments outlined by each organisation are remarkably similar. However, official policy statements provide limited insight into the how partnership is understood, interpreted, and acted upon by organisational actors on a day-to-day basis. It is therefore essential to consider how partnership is interpreted on the ground.

**Actor understanding of partnership**

The aim of this section is to explore how partnership is interpreted by different organisational actors. At NatBank partnership was defined as a modern approach to employment relations centred around a core commitment to business success. In practice this meant there should be a high level of dialogue between the union and the bank, and that decisions are considered from both a business and employee perspective as part of an overarching problem-solving approach. This was contrasted with a traditional arms length approach, described as low-trust ‘institutionalised conflict’, where the union would make a claim, and the bank would make a counterclaim. Central to the concept was the idea of clarifying and justifying the rationale behind decisions, and that discussions should start at the design stage, much earlier than they may have done under a traditional approach. However, partnership did not mean joint decision making. The union was not expected to agree with or rubberstamp all decisions; in fact disagreement was said
to be a healthy part of a partnership process. Union opinion on the merits of such an approach was divided. The National Secretary did not perceive this to be a particular problem, and suggested that the term partnership is a misnomer, creating misguided expectations of a 50/50 relationship which he believed is unrealistic in a capitalist society. Nevertheless the view was that the benefits of partnership outweigh the risks and as such it is worth pursuing. This belief was echoed by the local union representatives.

At BuSoc partnership was defined more broadly as a co-operative union/management relationship. The need for such an approach was said to reflect both the fact that they did not believe BuSoc employees supported adversarialism, and secondly because they believed it was a more productive approach. The approach was described as one of ‘give and take’ and ‘manoeuvring’. It was suggested that one of the key differences between partnership and non-partnership was the early involvement of the union in consultation processes. The role of the union was described as one of constructively challenging management to try and ensure the fair treatment of employees. In terms of influence, there was a distinction between negotiation on some items, and consultation and discussion of others. Again, partnership at BuSoc did not appear to mean joint decision making took place, but that the union had the opportunity to persuade, influence and challenge decision making. As a result, the union role was often referred to as one of ‘checks and balances’ and as a regulator on decision making.

At WebBank, partnership was again described as a collaborative rather than adversarial style of employment relations. The style appeared to combine both unitarist and pluralist elements. On the one hand, partnership concerned a unity of interests around the common goal of business success. On the other, when interests differed it concerned trying to identify some middle ground between business interests and employee interests. It was suggested that low trust conflictual relationships do not work anymore, and that more can be achieved through high trust relationships. The ultimate aim was to try an ensure decisions are as fair as possible for employees, but also sensible for the business. However, management
retained their ‘right to manage’ under their model of ‘option based consultation’. Management stressed the forum was not a negotiating body, although this was not perceived to be a particular problem by employee representatives. Rather the structure emphasised early consultation, opportunity to feedback, and full communication in the process of implementing new business decisions.

Having outlined issues of context and meaning it is useful to explore in detail what partnership actually meant in practice. There is a need to bear in mind that partnership is an elastic concept, and means very different things to different people (Guest and Peccei, 2001), and it is therefore essential to clarify the meaning of the practice of partnership in the three case organisations.

Firstly, there is a need to understand what actors understand by partnership, and what their expectations are in relation to partnership. The dimensions suggested by Marchington and Wilkinson (2005) in their studies of employee involvement are useful in this analysis (originally developed in Marchington et.al, 1992). This framework outlined in Chapter 3, but it is useful to provide more detailed discussion, before applying the dimensions to the empirical data. They propose degree, scope, form and level as means of evaluation of employee involvement initiatives and these still appear relevant today. For the purposes of partnership evaluation, however, three additional dimensions are suggested to be crucial: formality, representative level and timeliness. The main concerns of each are summarised in Table 8.5 below.
Table 8.5

Meaning of partnership in practice

<table>
<thead>
<tr>
<th></th>
<th>How much influence?</th>
<th>What is the range of issues?</th>
<th>What kind of mechanisms?</th>
<th>Are issues raised formally or informally?</th>
<th>Are issues low level or high level?</th>
<th>How active are officials and lay representatives?</th>
<th>How early are issues discussed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Form</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representative level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timeliness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: adapted and extended from Marchington et.al. 1992

**Degree** refers to amount of influence over decision-making. This can be mapped on a continuum with total employee/union control at one end versus managerial prerogative at the other.

![Escalator of participation](image)

**Figure 8.2 Escalator of participation (Marchington et.al, 1992)**

At none of the organisations was partnership about employee control, and in all three cases no one thought this was realistic. At NatBank and BuSoc the predominant position is best described as consultation. At NatBank it was made clear that partnership did not mean joint decision-making, but concerned early consultation and an opportunity for union representatives and officials to comment on proposals, and feed back member views. This view was shared by management, officials, and representatives alike. The WebBank case would generally be placed lower down the escalator as the partnership at WebBank predominantly focused upon communication and information, with some increasing evidence of consultation, but normally when this was likely to be of explicit benefit to the
business, for example, seeking ideas from the employee representatives. In this case there was less evidence of representatives input resulting in decisions being changed, and it also appeared that representative input was constrained. An interesting issue is whether this is symptomatic of the relative immaturity of the structure, and whether this will change over time as the representatives gain confidence, as at the time of the research most representatives were cautious. In other words, it would be dangerous to make the assumption that the reason the WebBank forum is lower down the escalator in terms of influence is because it is non-union, or that these positions are static. At WebBank it was made clear that the Employee Forum was not a negotiating body, reflecting the findings from representatives in all three cases stressed that they were not involved in actual decision making per se, and that in their understanding the partnership concept does not mean joint decision-making. In other words, partnership is not necessarily about negotiating. However, the HR Director believed the view of the representatives was that they had a good amount of involvement compared to representatives in other similar structures whom they had encountered. As we saw in Chapter 7 there was evidence from representatives which supported the notion that they have a good amount of influence compared to their union and non-union counterparts, indeed representatives argued that often the relationships in unionised environments were sometimes worse. The following quote was typical:

“Marks out of ten compared to an average union? I think we are on par and might be doing better in some cases. Certainly when we go to conferences and tell people, they almost fall off their chair with some of the stuff we tell them! They can’t get their head around it. We do shock a few people!” (People Forum Representative).

Representatives suggested that over time they were being invited to more meetings, and frequently asserted that they believed they had a good amount of influence and involvement. Involvement in the Annual Pay Review was cited as an example of a recent ‘success’. As the Employee Chair explained, “We were in there and I think we played quite a big part in that. Whether that was influencing or not, I don’t know, we would never have been involved in that before. To be invited to be part of that, and for them to take into account what we were saying” (Chair, Employee Forum). He suggested that this was a good example of how their role was expanding over time.
Perhaps most noteworthy is how the partnership criteria differs from the 1990s EI criteria. Whereas the Marchington et.al (1992) escalator of participation places adversarial collective bargaining above the consultative approach of partnership, partnership advocates would argue that consultation should no longer be seen as inferior to codetermination or control, and that such approaches are no longer effective, desirable or sustainable in the current climate (Ackers et.al, 2004; Oxenbridge and Brown, 2004a, 2004b; Terry, 2003). Indeed the same authors argue in more recent work that adversarial collective bargaining is now unstable (Ackers et.al, 2004). However, partnership concerns problem solving and pre-emptive consultation as opposed to traditional negotiation, and this means that management retain the right to make the final decision, an approach which British unions have often dismissed as ‘second best’ (Terry, 2003). Nevertheless, the evidence suggests that it is still possible to influence decision making where strong partnership consultation machinery exists.

**Scope** refers to the range of issues under discussion. In terms of scope of issues three main categories arose as integral parts of the partnership process: pay and terms and conditions, discipline and grievance and organisational change. At NatBank the scope of issues under discussion was wide. Union representatives had been involved in a wide range of consultations regarding job displacements, performance management and restructuring, as well as lower level issues such as the development of the on-site shop or the proposed refurbishment of the lavatories. Evidence suggests that in terms of scope the union at BuSoc is very much focused on specific personnel issues. Indeed, this has been acknowledged to be the case, and the legal team have suggested that the current structures fail to meet the Information and Consultation Regulations 2004 which came into force in the UK on 6 April 2005. Accordingly, a new broader Employee Involvement Committee is being introduced, recognising the need for input and representation over lower issues of concern to grassroots members besides pay and conditions. At WebBank the scope of issues often concerned day-to-day issues with an immediate and direct impact on employees. There was evidence to suggest that the scope was widening over time,
Discussion

although the agenda still appeared to be driven primarily by management. Representatives had been involved in reward discussions regarding the structure of the pay package, but were not involved in negotiating pay through collective bargaining as in the other two cases. Representatives were also active in representing employees at disciplinary hearings. However, representatives suggested that a significant difference between them and union representatives was that they did not have access to external legal support. Accordingly, they could not offer employees legal support in the event of a tribunal, as Amicus and BuSoc Union could. WebBank representatives had been involved in some change initiatives as well but in an advisory capacity. To clarify, there were three main areas of involvement: pay and conditions; discipline and grievance and organisational change.

At NatBank and BuSoc negotiation of pay and conditions was the main area of union involvement. At WebBank, pay is not negotiated with employee representatives. Representatives had, however, been involved in pay and reward discussions, but it appeared their role was advisory, for example making suggestions regarding the way the pay and benefits packages were structured, and proposing the introduction of alternative benefits such as duvet days and a holiday purchase scheme. While this demonstrates some useful informal input, representatives were not involved in the formal negotiation of pay. However, there was no evidence to suggest that representatives wanted to negotiate terms and conditions.

Discipline and grievance was another key area of involvement across the cases. Representatives at NatBank were frequently involved in discipline and grievance cases. These were typically regarding absenteeism, timekeeping, performance issues or long-term sickness arrangements. At BuSoc some representatives were also Disciplinary Officers although this is a separate/additional role to that of Union Representative. In addition, there is a structure of Individual Case Officers who are employed on a full-time basis to deal with individual discipline and grievance cases. Again, discipline and grievance was a key area of union involvement. At WebBank, full-time employee representatives would also be involved in such cases. It is worth
noting that the management of discipline and grievance issues was important at all organisations. Indeed, the HR Director at WebBank suggested that the high level of cases is the main manifestation of IR failure at the bank. However, from a pluralist perspective which accepts that employee and employer interests are not always aligned, this could be viewed as evidence of this non-union body taking the shape of its unionised counterparts at NatBank and BuSoc. A similar statement was made at BuSoc, that is – despite the rhetoric of paternalistic employment practices - the number of grievance cases is still very high especially in the branch network. On the other hand, at the NatBank site grievances were said to be rare, and the number of disciplinaries had fallen.

In terms of discussion regarding organisational change there were also variations. At NatBank, involvement appeared to be extensive both nationally and locally. At BuSoc, it was clear that the union was more involved with national rather than local issues. This had created some confusion. Employees in the call centre, for example, have a non-union focus group mechanism to raise local issues with management. This was not seen to be part of the union remit. Representatives suggested that this had created some member confusion as to why departmental issues such as targets and stress in the call centre were not deemed to be “union issues”. Union literature reinforced the notion that the union focused on national issues such as bank holiday working in the branches or Christmas opening hours. Given that virtually all WebBank’s employee population work at the Administration Centre the distinction between local and national issues is not so relevant. However, there was evidence to suggest that representatives had departments for which they had de facto responsibility for day-to-day issues. The focus at WebBank was on day-to-day issues. The scope of decision-making is summarised in the table below.
Table 8.6  
Summary: scope of decision-making

<table>
<thead>
<tr>
<th>Issue</th>
<th>Representative involvement (WERS04)</th>
<th>Cited as most important issue (WERS04)</th>
<th>NatBank</th>
<th>BuSoc</th>
<th>WebBank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Terms and conditions (pay, hours, holidays, pensions)</td>
<td>76%</td>
<td>36%</td>
<td>✓✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Selection, development and staffing (recruitment and selection, training, performance appraisals and working practices)</td>
<td>71%</td>
<td>22%</td>
<td>✓✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Welfare (equal opportunities, health and safety, absence, sickness)</td>
<td>66%</td>
<td>12%</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Disputes (discipline and grievance)</td>
<td>65%</td>
<td>14%</td>
<td>✓✓</td>
<td>✓✓</td>
<td>✓✓</td>
</tr>
</tbody>
</table>

Source: Adapted from Kersley et.al, 2006

✓ Some discussion  
✓✓ Extensive discussion

**Form** of decision-making refers to the traditional distinction between direct and indirect participation. In partnership organisations it would be expected that there would be an integration of direct and indirect representation (Tailby and Winchester, 2005). Although direct voice is the most popular form of voice in the UK (Kersley et.al, 2005, 2006), the focus of workplace partnership is typically on systems of indirect representation. Representative participation appeared to be most embedded at the NatBank centre. On a day-to-day basis employees at BuSoc and WebBank were most familiar with direct mechanisms such as conversations with line managers and the company intranet, and less informed about representative issues. At BuSoc many employees suspected there could be negative repercussions of being seen to go to the union, while at WebBank most employees proposed that in most circumstances they believed they would happy to discuss issues with a supervisor or line manager. Employees at both BuSoc and WebBank had significantly less knowledge of the representative structures and appeared to consider the structures to be a background mechanism of little interest unless they needed specific help, such as assistance or advice relating to a dispute. This reflects
research by Bryson (2004), which found that employees perceive management to be more responsive in direct voice workplaces than in workplaces with representative voice practices, whether union or non-union. Indeed, his findings support HRM theories which suggest that direct voice can be an effective means of communication between employers and employees. On the other hand, employees at NatBank appeared to actively engage with the union representatives with little fear of retribution and awareness of - and confidence in - the union representatives appeared to be high.

*Formality* refers to the balance between formal mechanisms in decision-making such as committees and meetings, against informal mechanisms such as ad hoc telephone calls, lunch meetings and spontaneous chats between the actors. The degree of formality varied between the cases. At BuSoc, a great deal of emphasis was on informal ‘corridor conversations’ between senior figures rather than formal structures or devolved local involvement, meaning the process was much more opaque than in the other two cases. At NatBank there was a much greater emphasis on formal structures especially in relation to high-level issues. However, representatives did stress that there was a sufficient relationship to solve issues locally without escalating them to union officials. This was a deliberate strategy of the union officials who argued that it was their aim to nurture a cadre of competent and knowledgeable local representatives. National level negotiations would focus on issues such as contractual changes or pay, or negotiating issues where there had been a failure to agree at a local level. Informality appeared to characterise interactions at WebBank also, with most actors again suggesting that often issues would be resolved through a telephone call or ad hoc meeting as opposed to arranging a formal meeting. There was, however, a system of formal meetings as well but the emphasis was on informality.

In terms of workers raising issues with representatives, this varied between the cases. At NatBank, representatives were generally well-known, and suggested that most employees would contact them informally during the course of the working day. The situation was similar at WebBank: it was suggested that employees would
typically contact a representative informally. The full-time representatives appeared to be fairly well known figures within the administration centre. The case was less clear at BuSoc where many employees lacked awareness of their on-site representative, while others appeared to fear being seen talking to the representative by their manager. Accordingly, it appeared that many union members would seek advice more discreetly from the central union helpline when an issue arose. Union officials confirmed that telephone calls from members were the norm.

In terms of **level of issues**, at NatBank partnership covered a wide range of levels from task issues such as call centre targets and work organisation, to wider company issues. At BuSoc the union appeared to focus on high-level issues such as personnel policy, and did not appear to be quite as active in terms of day-to-day issues with the exception of discipline and grievance situations. This created some tensions with grassroots members. For example some employees and representatives expressed confusion, suggesting that sometimes they had raised an issue such as targets or morale in the contact centre, and had been told that it was “a departmental issue and not really a union issue”. This was echoed by the union officials who believed that often such issues should be resolved in a departmental setting, through the various non-union structures such as team meetings and employee focus group sessions. However, the view of employees was that team members are often reluctant to engage fully in such direct sessions for fear of putting their ‘head above the parapet’, hence the desire to raise such issues with their union representative confidentially. There was also evidence to suggest that these direct mechanisms were not working effectively for various other reasons. At WebBank the focus was on low to medium level issues, with a great emphasis on day-to-day issues. The level of issues ranged from business restructures to canteen food. It was suggested by employee representatives that the level of issues had been increasing over time but that there was “still a long way to go”.

**Representative level** refers to the balance of involvement between local and centralised/senior representatives/union official level. At BuSoc it appeared that most of the decision-making occurred at a high level between senior HR figures and
heads of business areas, and the union General Secretary, rather than locally. The workplace representatives clearly had a narrow role, and limited knowledge of wider business issues. Typical duties included maintaining the union notice-board and attending quarterly area meetings. They also appeared to be provided with very modest time for their duties. Even the most enthusiastic representatives admitted that their union duties had become a fairly low priority due to a high workload and lack of time. Representatives frequently remarked that they were paid to do a job by BuSoc, and that their job had always had to and should take priority over union responsibilities. The current situation is under review to meet the demands of the recent Information and Consultation Regulations, but there was concern from the union that representatives may be unable to contribute much to high-level discussions, thus tarnishing the reputation of the union. This seems to confirm that the union are aware of the low activity of their representatives. At both NatBank and WebBank there was a greater emphasis on local discussions between employee representatives and members/employees. As mentioned earlier, having active local representatives was an explicit aim of the union at NatBank, and at WebBank – as an in-house forum – there is no union hierarchy to contend with so by definition the activities occurred at a local level.

**Timeliness** refers to the stage at which interaction would normally take place regarding decision-making. NatBank representatives suggested that under partnership they are informed at an early stage regarding most major projects and developments within the centre and the Bank, normally before any decisions have been made. There was evidence to suggest that at BuSoc plans were typically shared at a later stage, and certainly local representatives would be involved at the implementation stage. It was difficult to ascertain exactly when the union would be informed as typically this would be shared only between union officials and senior management, and therefore it was not so transparent. At WebBank the timing of involvement was said to be earlier that it previously had been, but overall patchy depending on the departments and key figures involved in the project and their receptiveness to and enthusiasm for forum involvement. It was highlighted that they would normally know at an early stage about developments in HR policy.
because of a close relationship forged with the HR team, but that otherwise timing was unpredictable. Admittedly, such comparisons are hindered by the fact that expectations in each organisation are likely to be different, and consequently levels of satisfaction may also be expected to differ. The findings regarding the decision-making process are summarised in Table 8.7 below.

**Table 8.7**  
The decision-making process

<table>
<thead>
<tr>
<th></th>
<th>NatBank</th>
<th>BuSoc</th>
<th>WebBank</th>
<th>‘Ideal’ partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Degree</strong></td>
<td>High</td>
<td>Unclear</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td><strong>Scope</strong></td>
<td>Wide</td>
<td>Limited</td>
<td>Moderate</td>
<td>Wide</td>
</tr>
<tr>
<td><strong>Form</strong></td>
<td>Rep + direct</td>
<td>Rep + direct</td>
<td>Rep + direct</td>
<td>Rep + direct</td>
</tr>
<tr>
<td><strong>Formality</strong></td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Issue level</strong></td>
<td>Broad</td>
<td>High level only</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td><strong>Representative level</strong></td>
<td>Decentralised</td>
<td>Highly centralised</td>
<td>Decentralised</td>
<td>Decentralised</td>
</tr>
<tr>
<td><strong>Time</strong></td>
<td>Early</td>
<td>Unclear</td>
<td>Moderate/Late</td>
<td>Early</td>
</tr>
</tbody>
</table>

**Actor relationships**

At the centre of the most commentaries on partnership is the issue of relationships, and in particular the notion that partnership concerns an attempt to shift away from adversarial zero-sum relationships towards high trust win-win/mutual gains relationships. The IPA definition explicitly mentions the importance of a commitment to build and sustain trust and the importance of trust is also a key component of most academic research (Coupar and Stevens, 1998; Dietz, 2004; Guest and Peccei, 2001; Haynes and Allen, 2001).
It is therefore important to explore the nature of relationships in detail. Several important relationships were identified from the cases, and these are mapped out above. These include (i) the relationships between senior management and union/employee representatives; (ii) senior management and union officials (where applicable) (iii) line management and the union/employee representative, and (iv) employees and the union/employee representative. These relationships are now discussed in detail.

1. Senior management and the union/employee representative

An important relationship identified was the relationship between the senior management of the organisation and the employee representatives. In all three case studies these relationships appeared to be healthy, but hinged upon a clear understanding of the understanding and expectations of partnership, as well as clear and coherent expectations as to what partnership was expected to deliver by all sides. Senior managers at both NatBank and WebBank both highlighted where, in their opinion, problems have arisen because of what they viewed as ‘anti-establishment’ and ‘disruptive’ representatives. These terms were used in relation
to employees who they perceived to be creating conflict as opposed to constructive criticism. In particular, senior managers expressed frustration that some representatives invest a great deal of time and energy defending poor performing and recalcitrant employees. On the other hand, representatives argued that all employees deserve a fair hearing, and that if dismissal is the final outcome they are happy with that so long as the person has had their right to be defended. This reinforces the issue that process is important as well as the final outcome. With regard to the example of discipline and grievance, representatives in all organisations agreed that if dismissal is the result – for example where call agents have been abusive to customers or changed details on their personal accounts - this is acceptable, so long as an agreed process has been followed. This relates to Budd (2004, 8) who argues that voice is an intrinsic standard, and that “participation is valued for its own sake in support of both democratic and human dignity ideals”, and must therefore be considered separately from efficiency and equity which can be instrumental standards, in that they provide the means to greater ends.

On the other hand, at WebBank a senior manager suggest that a minority of representatives invariably inflamed rather than helped resolve situations, and criticised them on the grounds that their opinions were not representative of the majority of employees, but sometimes linked to a personal agenda or the views of a few ‘militant’ friends. Much appeared to hinge upon the reason employees had for becoming representatives. Managers believed that in some cases representatives enjoyed politics, thought that being a representative was ‘better than working’, or had a personal grievance with the organisation. Nevertheless, at NatBank and WebBank the relationships between senior management and employee representatives appeared to be good overall. At BuSoc, however, there was limited interaction between senior management and union representatives at the workplace level. It was clear that in order to win management respect, representatives were expected to contribute to the decision-making process and to challenge through what managers often referred to as ‘reasoned argument’. In practice this made it very difficult for representatives to challenge on the basis of philosophical opposition or moral beliefs. To successfully persuade management, representatives
typically had to rely on presenting the business case for equity as opposed to simply an ethical case. This leads to the question of the ability of representatives to persuade and challenge on these grounds.

There are three issues here: informational ability, technical ability and the ineffectiveness of moral arguments. Firstly, it may be difficult for the representatives to challenge due to informational asymmetries. This was a challenge at WebBank, where some representatives explained that without third-party support they rely on management for the majority of their information limiting their ability to oppose a proposal such as a departmental closure. Secondly, they may lack the skills to engage in rigorous debate, or may be intimidated by managers as a result of potential differences in education, status or fear of retribution. This was a challenge at BuSoc where several union representatives expressed concerns about being seen to be a troublemaker, and the potentially negative repercussions of this. It appears that representatives are now required to understand complex business information and to question and challenge the business rationale for decisions. While representatives at NatBank appeared to be comfortable with this as a result of the support and guidance they received from Amicus, at WebBank and BuSoc there was evidence to suggest that representatives were finding it more difficult. This could also create a problem whereby the union representatives appear to be so ‘bought-in’ because of their superior knowledge and could leave members feeling disengaged and perceiving representatives to be management poodles. Thirdly, it has made it difficult for representatives to challenge on the grounds that quite simply they believed something to be unfair. These kind of challenges would often be dismissed by management as ‘weak arguments’. Opposition is more likely to be listened to where they identified a technical/systemic flaw or impracticality. For example at NatBank an ongoing dispute concerned reducing the ‘wrap-time’ between calls from 15 seconds to 10 seconds. This had reached a stalemate as management declined to accept representative claims that this was simply ‘unfair’ as ‘weak’.
2. Senior management and the union officials

The second key relationship identified was between senior management and union officials. At NatBank the relationship was quite strong, although one full-time official was still opposed to the philosophy of partnership as a matter of principle, but accepted the need to work within the agreed framework set out by the union. The Employee Relations Manager also endorsed partnership as a matter of pragmatism as opposed to philosophical endorsement. However, both accepted the situation and the evidence suggested officials had forged good relationships with management figures. However, much of the day-to-day decision-making had been devolved to local representatives, with the central union acting as an external advisor to the representatives. A union official explained that the main exception to this was any contractual changes, which must be agreed with the senior union officials. In other words, local managers and representatives worked closely on issues such as the implementation of a new IT system, while typically the FTOs focused on national issues such as restructuring and terms and conditions.

The relationship between senior management and union officials at BuSoc was strong and was central to the operation of the staff union, which relied heavily upon informal relationships, networks and corridor conversations. Most decision-making appear to involve a small elite network of key management and union actors. As a non-union structure this relationship is not applicable in the case of WebBank. In short, in the two unionised cases, despite tensions and occasional breakdowns and conflict, both senior management and union officials appeared to have forged positive relationships overall.

3. Line management and the union/employee representative

A third key relationship identified was between line management and the employee representatives. At NatBank, the relationships at a local level appeared to be good. Representatives suggested that there was generally goodwill when ad hoc time off was requested for union duties. Line managers were all familiar with the union representatives, although knowledge of the extent of their involvement with senior
management was limited. There seemed to be an acceptance on both sides that representatives had a legitimate role to play.

At BuSoc, there was very little interaction and in turn the line manager-representative relationship was weak. Representatives did not all find managers approachable and several representative interviewees appeared to lack confidence. This was a particular problem in the call centre where representatives believed they had to deal with negative management attitudes. Representatives suggested that as a result they would normally circumvent obstinate managers. However, they suggested that it would normally be more difficult to get time off for union duties, and that often they would not be able to attend Area Council meetings, despite the fact these are scheduled months in advance. Moreover, management within the call centre were also unwilling to support the research, despite repeated requests by the Employee Relations Manager and the Director of Personnel, and this appeared to be symptomatic of their negative attitude to the union.

At WebBank, there was evidence of interaction but it was patchy and not spread evenly across the entire organisation. Representatives suggested that although some managers were very supportive of their role but that they “were not sharing best practice”. At WebBank many line managers viewed the employee representatives as an interference who are there to ‘check-up on them’ and to ensure that process had been followed where a dispute had occurred. This was because employee representatives would normally act as intermediaries in disciplinary hearings, in addition to a member of the HR team. However, this had created a challenge for the representatives, who were in turn finding it difficult to build a rapport with line managers. On the other hand, there was evidence in the three case that where good relationships did exist, sometimes line managers would actually seek advice from the representatives on issues e.g. options for asking an employee to change shift, or discussing a disciplinary hearing. At NatBank and WebBank, representatives appeared to be very proud and flattered when line managers would actually seek their advice and input.
In all cases the line manager level was seen to be the point where the partnership was most fragile. Representatives at WebBank proposed that they had very good relationships at a senior level including the Chief Executive, but that middle management still appeared unconvinced of their legitimacy and contribution. This could mean that they are treated with hostility/suspicion or that they are bypassed or ignored. The Employee Chair suggested he was much more comfortable attending Executive meetings than he was attending some departmental-level meetings. This was not to say that good relationships did not exist, or that they had not improved, but for all the WebBank representatives achieving line management buy-in was perceived to be a significant barrier. This was also identified within the NatBank partnership generally, however at the case study site it did not appear to be a major issue, as local relationships appeared to be amicable. Representatives and managers believed that at other NatBank sites relationships were not so good. NatBank union officials suggested that a key difficulty with partnership was winning the support of what they referred to as “the marzipan layer of management”. However at the administration centre under study, representatives actually recruited most local managers as members, on the grounds that it was in the spirit of partnership for them to be members of the union as well. In all three cases the need to secure line manager support was stressed, given that this was seen to be where day-to-day decisions are made which do not always correspond with corporate policy or ‘best practice’. It was believed that local managers frequently face contradictory pressures and demands in terms of delivering hard outcomes and overlooking agreed policy and procedure in order to achieve their own performance targets, on which ultimately they themselves are judged.

4. Employees and the union/employee representative

The fourth key relationship identified was between employee representatives and employees. At NatBank the relationship was good and virtually all employees interviewed knew who the representatives were, and those who did not were confident they could find out very easily should they need to. At BuSoc the relationships were very limited. Employees did not appear to know who their union representative was and had little knowledge of the union generally, beyond annual
pay negotiations and the union monthly prize draw results. Indeed, some representatives admitted they were also unsure as to which constituency they represented. They also did not know who were and were not members, and several admitted they did not like trying to recruit. Union officials admitted that in many cases representatives were not particularly suited to the role. At WebBank the representative-employee relationship was also limited. Most employees were aware of the existence of People Forum representatives, but most were not exactly sure of their role or purpose. Those who did have some awareness typically viewed them as welfare officers or counsellors. A summary of the network of relationships in the three cases is presented in Table 8.5 below. It can be seen that in terms of relationships, the strongest appeared to be at NatBank. WebBank also had fairly positive results but was limited by the fact that the relationships were patchy. It was at BuSoc where the relationships appeared to be most problematic, with interaction only really occurring at the senior management/union official level. In all cases partnership was weakest at the line manager level.

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<tr>
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<tbody>
<tr>
<td>Senior management and union officials</td>
<td>Positive</td>
<td>Good</td>
<td>N/A</td>
</tr>
<tr>
<td>Senior management and representative</td>
<td>Positive</td>
<td>Limited interaction</td>
<td>Positive</td>
</tr>
<tr>
<td>Line management and representative</td>
<td>Patchy</td>
<td>Limited interaction</td>
<td>Patchy</td>
</tr>
<tr>
<td>Employee and representative</td>
<td>Positive</td>
<td>Limited interaction</td>
<td>Patchy</td>
</tr>
</tbody>
</table>

**Table 8.8**

Network of relationships in the three cases

**Partnership relationships: from distributive bargaining to integrative bargaining?**

A defining characteristic of partnership relationships is a shift from zero-sum adversarial approaches towards positive sum relationships. A useful criterion is therefore the extent to which this has actually been achieved in reality.
Theoretically, this reflects the analytical framework developed by Walton and McKersie (1965), and there distinction between ‘distributive bargaining’ and ‘integrative bargaining’, as this broadly reflects the key differences between zero-sum and positive/varying-sum relationships which are central to the partnership debate.

As discussed in chapter 2, distributive bargaining has the function of resolving pure conflicts of interests. It serves to allocate fixed sums of resources (“dividing the pie”) and hence often has a “win–lose” zero-sum quality. Tactics centre on developing the negotiator’s own relative power, convincing the other party of the first party’s power and resolution, modifying the other party’s expectations, closely guarding information, and preventing the other side from using the same tactics. At the level of interpersonal communication, distributive bargaining typically involves strong assertions, selective responses, using the other’s statements tactically, and limited disclosure of feelings and underlying interests. Integrative bargaining, by contrast, has the function of finding common or complementary interests and solving problems confronting both partners. It serves to optimise the potential for joint gains (“expanding the pie”) and hence often has a “win–win” or varying sum quality. Tactics centre on the exchange of accurate information, the exploration of underlying interests, and the use of structured problem-solving techniques. At the level of interpersonal communications, integrative bargaining typically involves paraphrasing, active listening, minimising defensiveness, brainstorming, and disclosure of feelings and underlying interests.

It seems reasonable to suggest, therefore, that well-developed partnership relationships would exhibit more features of an integrative bargaining approach than of distributive bargaining. When analysed in this light, the approaches at NatBank and WebBank do appear to reflect a greater tendency towards integrative bargaining, although the case of BuSoc is much less convincing. Of course, an important caveat is that because the non-union People Forum was not a bargaining body, there was no bargaining per se, but nevertheless the approach still reflected many of the characteristics associated with this process. At NatBank, management
and union actors frequently stressed the importance of understanding each others point of view, and trying to balance decisions from both a business and employee point of view. There was emphasis on early consultation, information sharing, and the creation of innovative solutions to problems often characterised by a degree of compromise. This included the development of solutions which had not been considered by management at the initial design stage, but which emerged out of the consultation approach. Examples of problem solving include the decision to separate sales and service roles, and the decision not to impose a new lower job grading on long serving staff. Similarly, at WebBank there was a commitment to openness and an explicit rejection of a ‘poker playing approach’. Again, though the forum was not a bargaining structure as such, there was still emphasis on considering decisions from both a business and employee perspective, the creation of innovative solutions to solve problems, and there were several examples where management had accepted representatives proposals. Good examples of an integrative problem solving approach between management and representatives include initiatives such as the introduction of duvet days or the holiday purchase scheme, and in both cases these were introduced from a business case perspective.

The bargaining relationships at BuSoc are much more difficult to judge for several reasons, not least because much was conducted in private between a few key individuals. In addition it was difficult to distinguish between decisions which were the result of union influence, and decisions which were perhaps attributable to the organisations historically paternalistic stance. For example, the business commitment not to offshore functions overseas did not appear to be the result of union pressure. While there was evidence of joint working on issues of concern such as work-life balance issues and reviewing the performance management system, there was again limited evidence to demonstrate how the union had actually changed or modified decisions in a way the business would not have, had the union not been involved. Indeed, it was admitted that there have not been many controversial issues in recent years besides the issues of pensions, and this issue was a textbook example of distributive as opposed to integrative bargaining. This appears to reflect the union’s core focus on terms and conditions issues which
Discussion

Concern ‘dividing the pie’ rather than issues of ‘expanding the pie’. Indeed, much of the union agenda centred around bread and butter issues of terms and conditions, in contrast to the much wider scope of involvement identified in the other cases. With regard to pensions, the union concluded there was ‘little they could do’ because the business was not doing anything illegal. This contrasts with the approaches at NatBank and WebBank where legality was said to be the starting point of negotiations and not the end point. Certainly, the way this issue was handled does not accord with the characteristics of integrative bargaining. Rather the decision was said to have been imposed without consultation, and the union responded by “painting management as being villains”. Given that there have not been many big issues in the last five years, and that the main example of pensions appears to confirm a distributive approach, this does not bode well for partnership at BuSoc. In addition, there was a perception among employees that engaging with the union could be viewed as troublemaking or disloyal, whereas at NatBank and WebBank the representative bodies appeared to enjoy greater legitimacy.

It would seem fair to conclude that, on balance, at NatBank and WebBank an integrative problem solving approach appears to be the dominant modus operandi. This would appear to be compatible with the notion of a partnership approach. However, when examined under this framework, BuSoc is the least convincing example of a shift towards integrative style, and therefore incompatible with a partnership approach. NatBank represents a case where a dominant distributive strategy of the 1990s appears to have been superseded by an agenda of integrative bargaining over a wider range of issues. Similarly, at WebBank integrative problem solving style appears to be the very premise upon which the representative body has been based since start up, as illustrated by their espoused options-based consultation model. Naturally, integrative bargaining and distributive bargaining are not mutually exclusive strategies, and it is possible and indeed likely that periods of integrative bargaining may be punctuated with periods of distributive bargaining. However, this is not necessarily a negative but rather a reflection of a healthy mixed motive partnership relationship. As Haynes and Allen argue:
“Partnership unionism represents not so much a bipolar movement from adversarialism to cooperation, but a movement from cooperation within a adversarial context to constrained conflict within a cooperative framework” (Haynes and Allen, 2001, 181).

In other words, a healthy partnership would be expected to be characterised more by an integrative style than by a distributive style, whereas the reverse would be true under arms length adversarialism. There is sufficient evidence to suggest that both NatBank and WebBank were operating within a predominantly cooperative framework, and this is particularly encouraging given that both organisations have been through significant organisational change in the last five years. It is therefore the case of BuSoc that gives most cause for concern. The evidence suggests that in the last five years there has only been one major issue and this decision was simply imposed in a decidedly non-partnership way, reminiscent of distributive rather than integrative bargaining.

Lastly, in terms of the attitudes of actors towards each other, Walton and McKersie argue that a degree of trust, friendliness and respect for the others legitimacy are prerequisites for an integrative approach as it depends upon transparency and a spirit of working together. At NatBank and WebBank senior level relationships were on balance very positive with evidence of information sharing, trust, and respect of the other parties legitimacy. This was reflected in some of the positive decision making outcomes at NatBank and WebBank, whereas at BuSoc there were less examples and the evidence regarding relationships was less clear. Of course, as Walton and McKersie (1965) note, the existence of integrative bargaining need not deliver integrative/mutual gains outcomes. It is possible that an integrative approach could lead to falling expectations or weaker bargaining power, mirroring the concerns of the partnership critics. Equally, there is no automatic reason why this should occur, and for this reason the following section reflects upon the empirical evidence from the three banks, in terms of the extent to which they may be seen to balance efficiency, equity and voice.
Partnership and decision-making: balancing efficiency, equity and voice?

A second criteria for the evaluation of partnership working concerns the provision of voice and the extent to which it achieves a regulatory impact in terms of the efficiency and equity criterion suggested by Budd (2004). In other words, to what extent does the integrative style associated with partnership actually deliver results for stakeholders? To test this, we can ask does partnership change the way decisions are made, and if so to what extent and what are the implications for efficiency, equity and voice? The three cases will now be reviewed in turn.

1. NatBank

As a large city institution, NatBank management made clear that efficiency was the primary objective and that ultimately the business is owned by shareholders who expect a return on their investment. However, there was evidence to suggest that the business efficiency objective is being regulated to some extent by the partnership mechanism. For example, outsourcing to India for cost-saving reasons primarily through the use of cheaper labour (efficiency) was more equitable than it could have been without an agreed consultative framework. The Bank has signed a ‘Globalisation Agreement’ outlining commitments regarding a fair and transparent process for the management of redundancy.

NatBank also wanted all telephone staff to be encouraged to sell on calls, taking the efficiency view that call centres should be a profit centre rather than merely a cost centre but for many long-serving staff with little experience of telephony work, this was stressful and resulted in high turnover. Following discussions with the union, the Bank reluctantly decided to re-introduce a customer service-only role, even though this countered their initial aim to maximise efficiency by having all call agents trying to sell on every call. The Employee Relations Manager suggested that the sales strategy represented a pure technical model which neglected the reality and dynamics of call centre working, and the fact that some people did not like and
simply were not good at selling. This also illustrates how a decision which was perceived to be inequitable, had a negative impact on efficiency as turnover increased, suggesting a business case for equity also exists. Accordingly, there are several call centres in the area and NatBank employees left to seek customer service-only roles at these organisations. Hailed as an example of successful decision-making through partnership, the Customer Service Director still believed that all agents should be selling, based on a unitarist view that by not selling they are not promoting the company and in turn potentially damaging their job security. This relates to the worker/customer satisfaction mirror proposed in the new service management literature (Korczyński, 2002).

The framework can also be used to examine a business idea to try and harmonise contracts from traditional 9-5 to staggered 8am-midnight pattern. This made administrative sense because customers now expected to be able to call the bank at any time of the day, yet the core of long-serving staff only worked normal office hours. The union successfully persuaded the Bank to leave long-serving staff on the old working hours should they so wish, by highlighting the potential damage to morale of long-serving staff if such a change was simply imposed (equity). The Bank acknowledged that the negative impact of employee perceptions of inequity may counter the proposed administrative efficiencies of contract harmonisation. This required the Bank to re-think and return to the main issue, that is, how they could staff telephones in the evening to match customer demand, and decided that the only way to do this was by recruiting a pool of new staff on new terms and conditions which match business demand. This was not the ideal situation for the business, which would prefer all employees to work on such a pattern, and neither was it the ideal situation for the union. The union took a pragmatic view, that is that they are there to protect fee-paying members first and foremost, and if that meant protecting them at the expense of new recruits then so be it. The Employee Relations Manager suggested that following discussions the final decision made much more sense, and that there was no need to upset the existing experienced workforce, and that the shortfall could be bridged by recruiting new employees to cover the evening shifts.
Another illustration of countervailing pressures is in the area of discipline and grievance. Representatives suggested that pre-partnership there had been a macho hire-and-fire culture and a high level of formal disciplinary cases. They proposed that there was often evidence suggesting that a fair disciplinary process had not been followed, and the cases against employees would be dropped because line managers had not followed due process. Representatives suggested that this is less common now as under partnership the agreed process to be followed is now much clearer. Again, the Employee Relations Manager suggested that having a transparent process had helped to reduce the arbitrary treatment of employees, and increasingly the resolution of disputes without recourse to formal procedures.

Within NatBank, voice was a prominent issue. The local union representatives were active, employees generally knew who their union representatives were and support for the union was strong. Representatives had taken up their posts because they were keen to get involved in light of the high level of organisational change the organisation was encountering. There is evidence, therefore, that at NatBank the partnership mechanism was moderating decision-making and mitigating the worst effects of organisational change on employees. In terms of the Budd framework there was evidence to suggest that the union was able to promote equity as a countervailing pressure against pure business decisions based on an ‘efficiency’ logic, and to advance voice. There was also evidence to suggest a business case for equity given that decisions which were perceived to be inequitable were actually inefficient due to the negative impact on morale, and the increase in attrition as dissatisfied staff chose to leave the organisation. However, more equitable decisions appeared to represent an acknowledgement that a pure efficiency decision would not be in the business interest, as opposed to some moral imperative. The countervailing pressures are outlined in the figure below.
2. BuSoc

The triad can also be used to evaluate partnership within BuSoc. As a mutual building society owned by members BuSoc does not have the same commercial pressures to satisfy the stock exchange. This could be viewed as a fertile environment for partnership or conversely as a barrier, as it may mean there is less pressure to proactively engage with partnership. BuSoc have used their historical image as a less ruthless and ethically guided institution to its advantage both in terms of consumer marketing and their espoused approach to employment relations. Accordingly, compulsory redundancies at BuSoc are almost unknown, the Society has committed not to offshore BuSoc abroad, and have invested in various pioneering schemes concerning work-life balance, domestic violence, home working and equal opportunities. The HR Director suggested that they are proud of being voted best UK employer by a Sunday newspaper in 2005, and that normally their employment policies exceed the statutory minimum arrangements. Union officials agreed that BuSoc employment policy typically exceeds statutory regulations, and in union recruitment literature cite this as evidence of their success.

Yet management suggested that the organisation was risk-averse, and would normally settle tribunals out of court even if they had a strong case, to avoid any potential damage to the ethical brand image. Again, this does not suggest that management decisions are necessarily the result of union pressure, and leads to the
potential criticism in some cases that a focus on equity case may actually be inefficient. This is not to suggest that there has not been conflict between the union and management in recent years. Indeed, major disputes have occurred in relation to the end of the final salary pension scheme for new employees despite strong union opposition. In this case, the efficiency force was clearly greater than the equity concerns. Union officials opined that despite their vehement opposition there was little they could do as the decision was not unlawful, and was simply presented to them as a fait accompli. This occurred under the leadership of the previous Chief Executive who the Union General Secretary suggested was strongly efficiency focused. He believed the current Chief Executive had a stronger interest in employment relations as well as financial performance. The Union President held a similar point of view, suggesting that the current Chief Executive appeared to be more interested in people issues as well profits. Nevertheless, this incident cannot be evaluated in terms of outcome alone, especially since similar decisions have been taken by many other organisations in recent years. However, in terms of voice, the decision was taken with minimal union involvement or consultation, suggesting that with this critical incident the process followed was poor. In this case, therefore, the attitudes of the personalities involved appeared to be central to the process, although the suggestion that major decisions can depend on the whim of the Chief Executive, and the relationship he has with union officials appears incompatible with the notion of partnership.

Some examples were cited where the union and management had worked together but this was mostly on a minority of relatively uncontroversial issues. For example they jointly devised a new performance management framework which they thought was fairer for employees (equity) but clearly driven by a desire to improve employee performance, and in turn business performance (efficiency). Moreover, in 2005 the union negotiated a record pay deal of which they were very proud, another example of where notions of equity have been a strong countervailing pressure on efficiency maximisation. Union officials agreed that on balance BuSoc is a ‘good employer’, at least compared to competitors in the same sector, and this makes it difficult to assess the extent to which the union is actually making a difference. On
the other hand, managers suggested that a staff union was an effective medium suggesting that since most officials are former employees they can take a more balanced view of situations. In general terms, the equity pressure as a whole was more prominent at BuSoc than it was in the other case organisations, and this may have meant there was less need for the union to adopt a proactive stance as was the case at NatBank. Moreover, within this context the grassroots employee interest in voice was lower. Employees were apathetic and this apathy appeared to stem from satisfaction as opposed to disillusionment. As highlighted in Chapter 6, staff attitude surveys are normally very positive, and focus group discussions confirmed this, with most employees viewing BuSoc as a good employer overall. Where dissatisfaction did occur, this was attributed to problems of implementation of local decision-making, rather than dissatisfaction with corporate policy itself. This supports arguments that workers with greater workplace needs may be more desirous of unions, and where workers have less needs they are less concerned with the union (Bryson and Freeman, 2006).

Union representatives were often inactive, and had often been nominated under duress. Most of the negotiation and consultation occurred at a very senior level between Executives and senior union officials. Perhaps this is partly the case because senior union officials are the few people not employed by the Society, and therefore have less fear of retribution. It is possibly more difficult for seconded officials who are due to return to work after their time on union position to voice their true concerns, although if this was the case it would also be true in the case of WebBank. BuSoc representatives had taken their roles often by default, and IR issues were not really of a day-to-day concern. Employees suggested that they would probably take more interest in employment relations matters had there been more controversial incidents as in other organisations. The union also speculated that while the Executive Board are committed to mutuality for the foreseeable future, they wondered what impact de-mutualisation would have, and how the employment relations climate may change. It was proposed that the need to deliver results to the stock exchange could have a negative impact on the employment
relations culture. While the employer was keen to promote an ‘ethical’ image, the union was keen to avoid any perception that they were ‘bought-in’ or co-opted.

In sum, while the equity pressure appeared to be much stronger than at NatBank, there was little evidence to suggest that this was because of a partnership relationship between the union and management, and highlights the significant possibility that BuSoc may still be a good employer irrespective of the union. For example, there was still evidence to suggest that when external forces did result in an efficiency crisis, such as the problems funding the final salary pension scheme, the efficiency force would prevail over equity with minimum voice afforded to employees or the union. Contrary to what may have been expected, there was little evidence of partnership contributing to the balance of efficiency, equity and voice at BuSoc.

![Figure 8.5 BuSoc: Balancing efficiency, equity and voice](image)

**3. WebBank**

WebBank was set up in the 1990s with the aim of being different and ‘radical’ in the conservative UK banking market, offering competitive products aimed at young, educated and affluent consumers. However, management suggested that since the company was listed on the stock exchange the pressure to satisfy shareholders that WebBank is a satisfactory investment has had a significant impact on day-to-day operations (efficiency). Despite a high degree of UK success, WebBank was a loss-making business due to a combination of high start up costs but in particular the
failure of their overseas expansion project. The company was supported by the
parent company, an international financial organisation, breaking into profit for the
first time in 2005. In terms of voice, WebBank decided to set up an internal
Employee Forum in preference to recognising an external trade union. It was
suggested that management perceived unions to be too adversarial and at odds with
the culture of a new organisation. Only 5 years old, the Forum is still evolving but
appears to be run very much on terms set by management, and the representatives
and management were both clear of the fact that it is not a negotiating body. Most
of the representatives did not seem to have a problem with this role. One did,
however, express some doubts regarding the ability of the Forum to challenge in the
face of severe adversity:

“My vision of WBPF is that we need to be more challenging. It’s all nice and lovely at the
moment, but we are going to hit big things. Big things will happen. Can we challenge them
successfully? Do we have information to challenge…That’s my concern really. You are doing
this ‘business case’ and you are telling me you need to close this department down, can I see
those figures? And do those figures mean anything to me?”

The existence or role of the Forum was not a priority for most employees. Many
had limited knowledge or interest in the Forum. At most, it was considered to be a
counselling service, offering advice in the event of discipline and grievance cases.
However, as was the case with NatBank, there was some evidence of the Forum
acting as some kind of efficiency-equity arbiter. For example, the Forum
challenged the arbitrary selection procedures being used to decide new posts
following an IT restructure which they believed were initially based on personalities
and friendships rather than competence. The Forum is also active in ensuring that
disciplinary and grievance procedures are followed in a fair way and that due
process is followed (equity). Overall though, on the efficiency-equity continuum
WebBank would be much closer to efficiency than to equity since it was very much
involvement on terms defined and controlled by management. Even where decisions
were ostensibly made in relation to equity, this was often underpinned by sound
business rationale. For example, for a period the organisation was put up for sale by
the parent organisation. Many employees had obvious concerns regarding their job
security with the organisation should a takeover or merger occur. WebBank offered
employee £1000 loyalty bonus in return for a commitment to stay with the
organisation. For some employees this was perceived to be recognition from a caring employer, but appears to be driven for business (efficiency) reasons, given that the organisation faced a potential exodus of experienced staff in light of the uncertainty. In other words efficiency and equity may be complementary.

There was still the general appearance that representatives did not want to be seen to ‘rock the boat’ too much, and this was the impression given by the Employee Chair who advocated a softly-softly approach. Indeed, there was a sense of vulnerability given that the structure has no statutory protection and could be wound up at any time. As one senior manager reflected, “at some point, if they went off in a direction we were totally unhappy with, we would have to deal with it”. Nevertheless, there was moderate evidence of the forum addressing the countervailing forces of efficiency, equity and voice.

To summarise, employee voice was most embedded at NatBank, and there was clear evidence demonstrating partnership acting as a countervailing pressure on efficiency-driven decisions, especially where a business case for equity could be argued by the union. At BuSoc, the equity dimension appeared to have greater prominence with the management team than in the other organisations. BuSoc were keen to demonstrate – at least in public relations terms - that they were not a ruthless City organisation, but this did not appear to be a direct result of trade union pressure. While care has to be taken when interpreting such management
assertions, triangulation with responses from union representatives and employees, did seem to confirm that this was part of the paternalistic BuSoc ethos, at least in recent years. In turn, grassroots employees had less interest in voice, although a degree of voice was being provided through the interactions of union officials and senior managers. It may have been expected that the mutual organisation would have provided a fertile environment for partnership. Counter-intuitively, it appears that in this context of a fairly stagnant employment relations environment, there is actually less incentive to pursue positive partnership working, and that the relationship is in reality best described as ‘traditional’, with the union role limited in scope to issues around terms and conditions, and an opaque, secretive negotiation and consultation framework. Conversely, in the cases where efficiency has been under much more pressure, there appears to have been a greater impetus to engage with a more strategic approach to HRM and employment relations. At WebBank, voice was being provided to some extent through the Employee Forum mechanism, and there was evidence of the Forum acting as a moderate countervailing pressure. Although the countervailing pressures remained fairly modest, this may be a result of the fact that the forum remains fairly new and is still evolving. The remit of the forum is also increasingly widening.

Actor experiences and partnership outcomes

In addition to the analysis of partnership in terms of the nature of relationships, and the decision making processes, it is also helpful to reflect upon actor experiences and outcomes. The views of management, union/employee representatives and employees are now explored in turn.

Management

Senior management respondents at all organisations were overall supportive of the principles of partnership, suggesting that partnership represents a more modern approach to the conduct of employment relations, and a departure from counterproductive adversarial relationships. This is not to say they were evangelical
about partnership. On the contrary, the general view was a pragmatic one, in that partnership was seen to offer a more effective approach than adversarialism in terms of the regulation of the employment relationship. A Director at NatBank for example, expressed a unitarist philosophical perspective suggesting that ultimately partnership should create a coalescence of interests around the success of the enterprise, and that any misalignment was the result of poor communication and misunderstandings:

“I don’t want it to sound corny but for me we are all just one big team…One of the challenges and questions for partnership with me would be, if we are to be a great company and a great company to work for why do we need a third party to manage our relationships with our people. That doesn’t sound to me like a business which can be truly engaged with it’s people. So that’s my one issue, at a kind of philosophical level. Having said that, my experience of partnership has been positive” (NatBank, Director of Sales and Service).

He suggested that partnership offered a framework to work within, but that if the organisation was ‘starting from scratch’ he did not believe that unions were a necessary component of partnership, as it is his belief that it is in the firm’s best interest to treat employees well. A Director at WebBank also took a pragmatic view suggesting that since the business had grown to employ over 2000 employees in a short period of time there was a distinct need for a representative structure, and he expressed a clear preference for working co-operatively and problem solving around issues of business success. This suggests a link between establishment size and propensity for employee representation. He suggested that there was a belief that this approach was more likely to achieved through a non-union structure. For most of the managers interviewed, unions were perceived to be too adversarial insomuch as they restrict and inhibit business success. A key challenge for unions, therefore, lies in persuading managements that they can actually add value and contribute to the development of a larger cake, rather than focusing merely on distributing the cake. This reflects arguments in the literature that partnership is concerned with developmental issues as well as distributional concerns (Huzzard and Nilsson, 2002). It also suggests that unions are still perceived as being rooted in traditions of distributive as opposed to integrative bargaining. As a senior manager at NatBank commented:

“The trade union should have a vested interest in the business remaining profitable. If it doesn’t have that within it’s make up then it’s not representing members, because members rely on profitability for their own personal prosperity” (Director of Sales and Service, NatBank).
In short, it appeared that management actors held an instrumental view, in that they are positive about partnership where the trade union/representative body is seen to be contributing to business success, but conversely demonstrate a very low tolerance of unions where this is not perceived to be the case.

**Unions and union/employee representatives**

Representatives at all organisations were also supportive of the principles of partnership. Union officials were also generally supportive. The exception was one union official at NatBank who favoured militancy and disagreed vehemently with his colleagues about the merits of partnership. All other officials interviewed across all organisations endorsed partnership. One suggested that unions may have to go through some kind of ‘watershed’ in the style of New Labour, in order to convince managements that they are not by definition anti-business or anti-management, but can contribute to increasing the size of the cake. As he explained:

“There is a view that perhaps the trade union movement needs to go through some sort of watershed such as the Labour Party went through, whether it’s possible or necessary. We have to address issues of relevance to our people, and there is a lot to do to make us more relevant to the majority of working people today….demonstrating you are getting things sorted out through dialogue is a positive thing. I think the role of unions has changed. The world of work has changed. Issues have changed. Expectations have changed. And the union movement needs to change. (NatBank FTO).

Union officials at BuSoc were also supportive of a co-operative approach but were reluctant to engage with the language of partnership for fear of employee perceptions. Indeed, in 1997 the union at BuSoc had actually changed their name to “Staff Union” as opposed to “Staff Association” in order to highlight their independence from the management. It is therefore interesting that the union with a more adversarial background chose to engage with partnership in order to free themselves from a militant image and increase their legitimacy; whereas the union with a more co-operative history chose to avoid the language of partnership with the aim of reinforcing their independence from the employer. It is important to note that most of the union officials at BuSoc were former employees of the society and it was proposed that this helped them to understand both the business rationale as well as the employee perspective. During an interview with the Union President, who is an IT Manager on a two year secondment, he frequently spoke in terms of
his ‘managerial point of view’ as well as his ‘union point of view’. Seconded representatives at WebBank were also supportive of the partnership approach and were critical of adversarial union strategies. Many had experienced trade unions in their previous employment, and frequently recounted negative anecdotes regarding counterproductive union engagement.

**Employees**

Workers views and experiences are clearly central to the partnership debate as “direct evidence on the implications of partnership for workers is remarkably scarce” (Suff and Williams, 2005, 33). Most employees in the three cases were supportive of collaborative union/management relations. Many critically recalled incidents of union militancy such as the miners’ strike, and expressed a disdain for such tactics. A common criticism was that strikes are no good if the factory then closes down. It was interesting that in all cases employees reflected upon the demands of the customer, and the perceptions of customers if the Bank workers were to go on strike leaving branches closed and phone calls unanswered. Employee focus groups in all organisations revealed very little support for union militancy, with most employees reflecting how “times have changed”, acknowledging that organisations need to be competitive and that sometimes this may mean tough decisions. Across the cases for example, employees highlighted how they believed that unions can no longer ‘save jobs’, but stressed that the role of unions now was to ensure that business decisions are as fair as they can be for employees.

In sum, across the cases actor attitudes to partnership were generally positive. The interesting finding across all actors in the case organisations was the level of **pragmatism and realism**. Although the actors supported the partnership principles they did not engage with uncritical utopian ideas. Employees and representatives were aware of business issues such as global competition, and the need to satisfy customers and shareholders. Most senior managers also acknowledged and accepted that unions have a job to do, and that they need to be seen meeting members...
interests. Few expressed hostility to unions, rather ambivalence or support was the norm especially where unions were perceived to be contributing to business success. Again, this resonates with the notion of a shift towards support for a more integrative approach (Walton and McKersie, 1965). It was at a middle management level where tensions typically arose. Middle managers may find themselves at the centre of the countervailing forces outlined, whereby they are expect to deliver business results on the one hand, but to be considerate and fair to employees on the other.

Many employees did not believe that unions could save jobs in the current economy. Their expectation was that employee representation existed to ensure fair treatment but this was not necessarily associated with a belief that unions/representative could or should be saving jobs. In short, actor expectations were pragmatic. For the actors partnership was about ensuring judicious decision-making which tried to balance fair treatment of employees, with the business need to make a profit. Senior managers were happy to have the input of representatives, especially where the challenge was presented along business lines. Representatives acknowledged this, and frequently suggested how their role was now more complicated because they had to engage with more complicated tactics regarding persuasion, whereas previously they may have simply opposed decisions point blank, again reflecting a more integrative approach. The main challenge for representatives, however, is opposing a decision for moral or ethical reasons, as this is less likely to convince management. A union official at NatBank suggested at one point before partnership he did not talk to the management team for six months because of an argument, but that he simply could not imagine this happening now. These actor views provide quite a contrast with the negative attitudes reported in the existing critical partnership literature, and suggest that business case arguments may be central to partnership.

Admittedly, a radical critique by commentators such as Legge (1995) may explain these actors views in terms of the construction of a ‘new reality’ as a result of the sophisticated management of organisational culture. Critics may suggest the
possibility that partnership has been used to shape organisational culture to the extent that is acts as an insidious form of control (Willmott, 1993). Marxists may explain employee support in terms of a ‘false consciousness’, duping employees into believing for example that jobs cannot no longer be saved, and decisions such as off-shoring are ‘inevitable’. Partnership could therefore be viewed cynically as presenting a serious threat to employees. Yet as Guest (1999) argues and Legge (1998) also acknowledges, workers need not necessarily have been duped. It is plausible that many workers may now believe that co-operation rather than conflict may provide a better route to securing better outcomes. This pessimistic view also overstates managerial power, as normally there is “ample opportunity to contest decisions and shape events” (Marchington and Wilkinson, 2005, 409), and to subvert managerial regimes (Thompson and Ackroyd, 1995, 633).

Challenges

Four main challenges to partnership were identified in the study. These include a lack of agreement as to the meaning of partnership, relationship centrality, resistance to adversity and representative efficacy. These will now be discussed in turn.

*Shared understanding: what exactly is meant by ‘partnership’?*

The first challenge is a coherence of purpose. This concerns a clear understanding of the meaning, purpose and operation of partnership between the union, representatives and management. At NatBank this was argued to be where the situation sometimes becomes “blurry”. For the actors in all three cases, partnership was not necessarily about the union and management agreeing. Representatives also acknowledged that partnership did not mean joint decision-making or co-determination. Yet the critical literature often criticises partnership on the basis that it does not lead to joint decision-making or co-management (Upchurch et.al, 2004). It would therefore seem unfair to judge partnership based upon a definition which
does not correspond with the definition and understanding of organisational actors. The unions/forums had to persuade and convince management rather than just oppose, representing a shift to an integrative problem solving approach. The key method was by justifying how an efficiency-based decision or proposal could actually backfire because of the potential damage if it is perceived to be inequitable, for example resulting in high turnover, low morale and low employee satisfaction. In other words, representatives had to convince management of a business case for more equitable decisions. The representative mechanism appeared therefore to act as a useful checkpoint on management decision-making. The expectations of partnership in the critical literature are therefore set very high and perhaps at odds with reality. This thesis has argued that partnership can usefully be thought of as a combination of practices, processes and outcomes, and that focusing on one element is unlikely to be tenable. From an academic perspective focusing on one element, such as outcomes, is unlikely to provide a holistic insight into the complex realities of partnership.

**Relationship centrality: embedding a partnership culture**

Assuming a coherent shared understanding and purpose between the key actors, the next challenge is embedding this culture across the entire organisation and getting the buy-in of two other important actors: middle managers and employees. This issue had also been highlighted in earlier studies of employee involvement initiatives (Marchington et.al, 1992). As highlighted earlier, partnership concerns a key relationship between representatives/officials and senior managers, but this creates the risk that middle managers and employees may end up disillusioned. For example at BuSoc and WebBank, it was discovered that while representatives have a good relationship with the HR department, relationships with other departments are much more patchy. This was a particular risk at BuSoc, given that the main interactions occurred at an elite level. Roche and Geary (2004, 382) highlight the dangers of elite partnerships, where partnership is a peak level agreement at the apex of the organisation, “in such circumstances indifference and neutral postures may be anticipated as the norm”.

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Though most of the existing literature focuses on relationships between senior managers and senior union actors, middle management resistance was identified as a significant barrier to the effectiveness of partnership. Managers at WebBank and BuSoc suggested that the union/employee forum was sometimes viewed as a barrier to them carrying out their job, for example by making it difficult for them to dismiss a poorly performing member of staff. For instance a NatBank Director suggested he was confused as to why unions focus attention on – in his view - defending a minority of poorly performing ‘bad employees’ at the expense of the interests of defending the majority of reliable ‘good employees’. Middle management were often said to be under significant pressure resulting in them ‘taking shortcuts’ which sometimes did not correspond with best practice guidelines agreed at a senior level. At BuSoc the Employee Relations Manager felt some managers still viewed the union as an inconvenience or obstruction. On the other hand, some representatives still appeared to fear recrimination at BuSoc whereas at NatBank representatives stated that they had the confidence to manoeuvre around an obstructive or unhelpful manager. Indeed, full-time officials at NatBank and BuSoc described a similar strategy.

There was less confidence among representatives at BuSoc and WebBank, although a personal letter from the Chief Executive at BuSoc appeared to give some people some confidence that the company supported the union. However, BuSoc representatives described a sense of guilt that they are neglecting their own duties when they are busy with union activities. This supports the notion suggested by Marchington (1998, 209) that partnership is not only concerned with operational practices but also “considered as a set of values and behaviours which are held and displayed by people in the partnership organisation”. This may be described as a change in style towards being ‘partnership-minded’. For managers, this is likely to concern an appreciation of the legitimacy of employee voice, while for employee representatives it is likely to concern an appreciation of business concerns such as competitiveness. Employee representatives often cited how their response to an unhelpful manager would often be “that’s not a very partnership attitude, is it?”
Another aspect was employee apathy towards unions and a general lack of interest especially when things are perceived to be smooth. This seemed to be the case at all case organisations but especially at BuSoc, where there has been difficulty recruiting members, as well as recruiting constituency representatives. There was also a lack of interest in the People Forum at WebBank. It could be speculated that employees are less interested when they perceive stability at work, but become more interested with instability sets in, as was the case at NatBank. In other words, partnership may actually be strengthened by a period of bad weather. Clearly, establishing an embedded partnership culture across the organisation and the various actors is essential if the key management-representative relationship is to be robust, and this is likely to require the buy-in of both line managers and employees.

**Resistance to adversity**

This relates to the sustainability of the structure over time, following major incidents within the organisation, and the extent to which the robustness of the partnership has been tested. This could be a change of key personalities, a major organisational or union incident e.g. merger, or even a change in government. For example at BuSoc there was clear concern that so much involved a few key players, and as such there was limited ownership of the partnership process, which was not widely embedded. Indeed, most union activity in this case occurred at a very senior level between top union officials and divisional directors. It would therefore be unclear what would happen if the key players left the organisation. A good example of this is the departure of the current Chief Executive who is expected to retire soon. Moreover the current General Secretary has been in post for over 15 years, and has not yet been challenged, but there was a concern that if he was not re-elected or decided to stand down, a large well of knowledge could disappear from the union overnight. A major organisational incident could be demutualization of the Society, or a decision to do something opposed by the union e.g. off-shoring. Overall, the climate has been smooth in recent years and the resistance to adversity has not been tested. The Union President suggested that in a sense this was a concern, arguing
that it is difficult to fully evaluate the union-management relationship after a period of relative stability.

The same is true of the representatives at WebBank, in that there are concerns regarding what would happen if the management and representative figures involved in setting up and operating the forum were to stand down or leave the organisation. Employee representatives also admitted that as yet the structure remains ‘untested’ given that there has not yet been a major incident. At NatBank again this could concern a change in key figures. Indeed, during the course of the research, the full-time officers working with NatBank changed as the result of a union merger to form Amicus. Also, how will big incidents in the future be handled e.g. redundancies – which Guest and Peccei (1992) suggest is one of the best tests of involvement initiatives - and to what extent will management follow agreed process. Again, industry analysts have speculated that NatBank may merge with an American bank at some point in the future. A change of key personalities could again be a challenge. For example, the Managing Director and Employee Relations Manager both changed during the course of the study. Ultimately, how would a call centre closure impact upon the partnership at NatBank, and how acceptable would partnership then be?

In short, partnership is not a static phenomenon, but rather a living, evolving process which changes over time. As such, partnership is likely to experience turbulence and the key issue is how the process copes with changes such as a change in actors or external organisational pressures, which will determine the acceptability and durability of partnership working. Just as structural engineers design tall buildings to sway in extreme weather conditions, the partnership process must also be able to flex in order to endure external pressures, and to avoid failure, and ultimately total collapse.
Representative efficacy

Representative efficacy concerns the effectiveness of representatives in the eyes of both management and employees/union members. As highlighted earlier, managements at NatBank and WebBank raised concerns regarding representatives who they viewed to be ‘anti-establishment’ or ‘have a chip on their shoulder’. It was clear that management valued arguments based on business rationale rather than ‘as a matter of principle’. This requires very different skills which not all the representatives possessed. This had also created a problem for representatives in that management were unlikely to be convinced by moral arguments, but were more interested in hard business reasons for not implementing changes, such as a likely negative impact on efficiency. Management were less interested in equity arguments based on a sense of ‘fairness’ or ‘doing the right thing’. Adopting the language used by Budd (2004) management often had an instrumental interest in equity where it was likely to have negative repercussions on efficiency.

It was argued by management that oppositional representatives could destabilise the process by creating conflict, but on the other hand complacent representatives could also destabilise the process because they could lack credibility in the eyes of their members. This supports the arguments made by Ackers et.al (2004), that while strong union and non-union partnerships may offer two fairly stable arrangements, the alternatives of adversarial unionism without partnership, or weak non-union partnerships are likely to be less tenable. Like a see-saw, a delicate balance has to be struck in order to win and sustain the respect and credibility in the eyes of both management and employees (Terry, 2003). In the eyes of their members, representative views may not match membership views due to additional insight they have through embargoed information, and this could create tensions which undermine the legitimacy of the process. Representatives may experience isolation from grassroots members due to extra information, seeing the bigger picture, thus encountering the danger of being seen to be co-opted especially when decisions are not good. Representative awareness of financial and market information could be interpreted as brainwashing. There is also the inability of representatives to demonstrate their value if much of the interactions are occurring behind closed
doors. The Union could easily be perceived to be doing nothing if things are going smoothly and blamed when things go badly. As the President at BuSoc Staff Union commented regarding their involvement in initiatives “if things go badly we get blamed, and if they go well we’ll get no thanks for it!”. Achievements are not always visible to staff.

Under partnership, representatives have the dilemma of proving independence and strength in a context of confidentiality, and there is the risk this could create a chasm for the union. Sophisticated manoeuvring and ‘corridor conversations’ are not seen at the grassroots level whereas adversarial confrontation is much more visible. Indeed, a Director at WebBank suggested this is the very reason he was not keen on unions because he believed they had a greater need to flag their ‘successes’. Representatives at both WebBank and NatBank were conscious of the need to ensure that employees do not perceive them to be ‘in management’s pocket’. In short, there is a need to demonstrate value to members and management need to understand this (Oxenbridge and Brown, 2004c). This is not to say that employees are keen to know the detail of decisions, but rather that they need to have trust in the union and/or their representatives. At NatBank most employees reflected that they did have a trust in their representatives, despite not knowing exactly what they were doing. However, there was a lack of visibility at BuSoc and WebBank, making it more difficult to establish trust. Representatives and managers acknowledged that employee expectations rise over time.

It is difficult to demonstrate the success of pay negotiations when members do not understand the full context of negotiations. There is a clear need to maintain the link between employees and representatives. It can also be difficult for representatives when they had knowledge of confidential decisions. There is also the possibility that there is a difference between seconded and non-seconded representatives. It is possible that it is more difficult for seconded representatives to gain as much respect given that they do not work on the shop floor, and this could create some problems. Representatives are now unable to oppose decisions simply because they do not agree with them, as they may have done in the past. Members often do not see the
heated debates that occurred. There were now cases where representatives believe employee views are misguided or unrealistic, meaning a need to avoid a gap between the workforce and members. Unions cannot just oppose proposals in the current environment. Again, there is a need to compare the outcome of the decision with the alternative as opposed to the ideal e.g. mitigation and cushioning (Pfeffer, 1994). The new role of representatives requires skill and knowledge on their part. This was very limited at BuSoc, and WebBank representative also felt they could benefit from more training. If representatives are seen to be too soft members may not re-elect them. If they are too confrontational, they could undermine the process in the eyes of managers. Unions (and non-union bodies) need to prove themselves and demonstrate that they add value both to management and workers, and this is not easy. It was believed by NatBank representatives that flagging union ‘successes’ for workers would be seen to be out of the spirit of partnership, and reminiscent of adversarial industrial relations. Some managers appreciated that partnership may make it more difficult for unions to demonstrate their value, as much of the discussions are low key and therefore not obvious to employees. Representatives were required to satisfy members, while at the same time management expected a greater degree of engagement with business goals. Confirming the propositions of Ackers et.al (2004), managers were positive where representative/union behaviour was believed to be ‘adding value’ to the organisation, but highly intolerant of behaviour which was not seen to be adding value. Again, as relationships evolve, it is likely that they will change as they mature, and in particular there is the possibility that representatives may gain more confidence and raise their game.

Conclusion

This chapter has compared and contrast the results from the NatBank, BuSoc and WebBank case studies outlined in the preceding three chapters. The chapter began by outlining the different contextual factors in each organisation. There was
evidence that the routes to partnership varied, with partnership identified as a solution to an IR crisis at NatBank, a history of good industrial relations at BuSoc, and a natural evolution or planned industrial relations approach at WebBank. This highlights the heterogeneity of partnership arrangements that exist, and the limitations of the deterministic literature which seem to assume that partnership organisations are homogeneous when this is clearly not true. Indeed, the organisations also differed in terms of corporate governance as well as their IR histories, recognition of trade unions, and partnership structures. This would suggest that neglecting contextual differences could lead to a very short sighted view of partnership.

On reviewing the meaning of partnership, however, both in terms of official policy statements as well as the understandings and interpretations of organisational actors, there is a greater degree of common ground suggesting that the three cases qualified as prima facie cases of partnership, as many of their policies resonated with TUC and IPA definitions of a partnership approach. Actor interpretations of partnership were also similar, with core concepts agreed to include a modern approach to employment relations characterised by problem solving, early consultation and dialogue, and a dual commitment to both organisational success and the fair treatment of employees. Importantly, in no case was partnership seen to concern a process of joint decision making between management and union/employee representatives.

Yet despite agreement regarding the principles of partnership the process of partnership varied between the organisations. At NatBank the degree of involvement was high, covering a wide scope of issues at both strategic and operational levels. The structure was also centralised with emphasis upon local decision making. At WebBank degree of involvement was lower although the scope was widening and appeared to be improving over time. In addition, although the structure has often been focusing on operational issues there was evidence of increasing involvement in more strategic issues. BuSoc was the most problematic case of partnership. Both the degree and timeliness of involvement were unclear.
due to the fact that the structure was highly centralised around a few key players. In terms of scope the agenda appeared to be dominated more by high level personnel issues, and limited union involvement in day-to-day operational matters which were also of concern to members.

Actor relationships also varied. In all three cases much centred around establishing good relationships between senior management and union/employee representatives and this has generally been successful at NatBank and WebBank, though at BuSoc there was limited interaction between senior management and union representatives at the workplace level. In both unionised cases the relationships between senior management and union officials was identified to be strong, and similarly it was the line management and union/employee representative that was identified to be patchy in all three cases, although again the worst in the case of BuSoc. Employee and union/employee representative relationships appear to be strongest at NatBank, fairly positive at WebBank, and weakest at BuSoc where many staff did not know who their representatives were.

In terms of relationships and consultation, it has been argued that a strong partnership would be characterised more by an integrative problem solving style than by distributive style. Consultation at NatBank and WebBank did provide evidence of a more integrative style, where the emphasis was on openness, transparency and problem-solving. Relationships at BuSoc were more difficult to judge, but there was less evidence of joint problem solving, with the core of union activity still concerning distributive issues such as terms and conditions, and fewer examples of the union and management proactively working together to solve a problem. This is somewhat counterintuitive as it was believed that the relationships may have been less positive in the two organisations which had experienced major change in the last five years (NatBank and WebBank), but the converse appears to be true.

In terms of the outcomes of decision making processes, NatBank demonstrated clear evidence of voice being articulated and of efficiency and equity being moderated by
the voice process. There was also evidence of this, albeit to a lesser extent, in the case of WebBank. Less evidence of this process was available in the case of BuSoc, as there was little evidence to suggest that business decisions such as opposing offshoring, exceeding statutory employment legislation or ending the final salary pension scheme had been moderated through consultation and negotiation (voice). Nevertheless most management actors in each company were in favour of the principles of partnership, suggesting that it represented a modern approach to employment relationships, and that adversarialism was no longer appropriate. Most union officials and all union/employee representatives supported partnership. The main exceptions were one full time official at NatBank who opposed the philosophy of partnership, and the union officials at BuSoc who supported the notion but rejected the language of partnership. At WebBank a preference for a co-operative approach was echoed by all the representatives. Employee interviews are also important, as traditionally these are conflated with union views in industrial relations research. Interestingly, virtually all employees interviews supported collaborative management/union relations, and many were highly critical of militant tactics, suggesting that unions have to accept that businesses need to make a profit, and militancy can often exacerbate rather than improve bad situations.

Finally, several challenges were identified in the study. The first was an agreement regarding what it actually meant by partnership, and the extent to which there was a shared view of what working in partnership did and did not mean in order to avoid false expectations. The second challenge was embedding a partnership culture across the organisation, and overcoming middle management resistance and employee apathy. In all cases there was the question of the sustainability of the structure over time, and the extent to which it could resist a period of severe adversity. Fourthly, a great challenge concerns ensuring the representative body and representatives are perceived to be effective by employees and managers. Clearly representatives are expected to walk a tight rope whereby managers view them a credible and constructive, while their members view them as challenging and influential. If the balanced is tipped too much in one direction support of management or employees may be lost and this could undermine the process. A
major problem for representatives is demonstrating the effectiveness, in terms of influence, of a low key relationship whereas with an adversarial strategy it is arguably much easier to demonstrate contribution to members because of the higher level of visibility.

To conclude, this chapter has rejected simplistic for/against arguments regarding partnership, and demonstrated how the reality is significantly more complex, not least because much depends upon the context and meaning of partnership, and the way partnership is operationalised in practice. This study has revealed that although actors may agree on the principles of partnership this reveals little about the way partnership is actually enacted. As such the study has revealed important differences in terms of the way partnership actually operates, the relationships between actors, consultation processes, and the nature of decision making. Despite these differences the study also found that most organisational actors supported the principles of partnership, and that in practice the challenges to partnership which were identified actually held resonance in all three cases.

This chapter has compared and contrasted the findings in terms of context, meaning, process and outcomes of partnership in the three cases. The final chapter reviews these findings in lighting of the existing partnership literature, and draws out some of the main conclusions of the study. It then considers the implications of the study for practice, before proposing some avenues for further research.
Conclusions
Chapter 9: Conclusions

Introduction

The purpose of this chapter is to present the conclusions of the study and suggest some implications for practice and avenues for further research. Before this, however, it is useful to provide a brief recap of the previous chapters. Chapter two outlined the abundance of literature examining partnership working, and highlighted how the debate has become polarised between advocates on the one hand suggesting mutual gains for all stakeholders (Kochan and Osterman, 1994), and critics on the other, arguing that partnership enables management to reassert control, and offers little for unions or workers (Taylor and Ramsey, 1998; Kelly, 2004). More recently, typologies of partnership arrangements have begun to emerge, suggesting different possible trajectories and outcomes, contingent on various factors. Nevertheless the bulk of the literature on the prospects of partnership working in Britain remains decidedly pessimistic (Stuart and Martinez-Lucio, 2004b), and seems to have reached a dead end (Tailby and Winchester, 2005). However, paradoxes and contradictions remain, highlighting the need for further empirical research. Chapter three justified how, because the interest was on meaning and process, a qualitative research approach was deemed essential, and outlined the case study approach that was taken. The purpose of Chapter four was to demonstrate the value of a study of partnership in financial services and to provide an overview of the external environment in which these organisations operate. Chapters five, six and seven presented the comparative case study data, following the thematic structure of context, meaning, process, outcomes and challenges of partnership. Chapter eight presents a discussion of the results from the case organisations, and offered a comparison of some of the key similarities and differences. Accordingly, the thesis has attempted to enhance understanding of partnership, and to transcend the stalemate critics/advocates debate.
Limitations of existing literature

This study has sought to counter some of the limitations of the existing literature. Firstly, studies explore different types of arrangements ranging from formal partnership agreements to informal partnership relationships. This leads to the risk that researchers are actually comparing very different situations under the partnership umbrella (Roche and Geary, 2002). Studies also examine partnership in different sectors with very different product and labour market conditions, as well as different industrial relations traditions. Researchers employ different methodologies, though typically surveys and single snapshot case studies are common but comparative case studies are rare (Kelly, 2004). Informants are typically trade union officials and managers, with few studies giving much weight to the views of employees, which is surprising given that partnership is supposed to concern employee voice (exceptions include Munro, 2002 and Suff and Williams, 2004). In addition, the debate is inextricably linked to philosophical issues regarding industrial relations frame of reference (Fox, 1974), as there is a strong ideological dimension to partnership (Stuart and Martinez-Lucio, 2004b; McBride and Stirling, 2002). Unsurprisingly, many of the pessimistic studies are written from a critical industrial relations tradition, which is now purely pessimistic following the ‘death of socialism’. Theoretically, radicals are likely to have philosophical reservations on the feasibility of capital and labour working together towards a common goal, the ethos which underpins partnership. Such a worldview is arguably incompatible with partnership, and in turn could explain the invariably pessimistic prognosis of such commentators (see for example Danford et.al, 2004; Kelly, 2004). In short, despite the voluminous literature, further academic research was essential.

Strengths of this study

In an attempt to transcend the polarised debate and address the limitations of the current literature, the thesis is valuable in many respects. Firstly, the study focused on one sector with similar product and labour market conditions, allowing comparisons
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to be made between organisations operating within similar constraints. Moreover, the finance sector is academically interesting as well as numerically important in the UK economy. The sector is profitable: in 2006 the British banks reported earnings of £33bn and London-based HSBC alone reporting profits of £11.9bn. The sector also employs over 1 million people, and generates a turnover equal to 14% GDP. The industry also has a long history of non-union employee representation as well as trade unionism; indeed union density has remained high at around 50% in the 1990s (Gall, 2001). Moreover, despite a general image of being conservative and paternalistic (Upchurch et.al, 2006), or alternatively as ‘docile’ and ‘strike-free’ (Gall, 2001), 2005 witnessed ballots for strike action at Lloyds TSB and HSBC. In addition, the finance sector has experienced significant change and restructuring, with recent large-scale job losses at Abbey, Lloyds TSB, Clydesdale and Yorkshire Bank (EIRO Online). The sector therefore offers an excellent context for the study of partnership for several reasons. Firstly, despite the rise of private service sector employment, industrial relations research is still biased towards manufacturing and public service employment, when arguably service work is likely to be more indicative of the future of work in the UK. Secondly, the industry has an established history of collective employee representation, with relatively high union membership compared to other private service sector organisations.

This study has also presented comparative case studies which are relatively scarce in the British literature, but have proved useful in the USA (Kelly, 2004). This allowed a variety of circumstances to be examined which varied in terms of route to partnership, history, IR background and corporate governance. This is important given that partnership remains a nebulous and contested concept, and the acknowledgement in the recent literature that there may be different trajectories of experience (Martinez-Lucio and Stuart, 2004; Oxenbridge and Brown, 2004a, 2004b). The study has also explored a non-union example of partnership which is again rare in the literature. The thesis has also examined the process of partnership, and unravelled what partnership actually means in terms of the regulation of employment relations. This is useful given that most of the existing literature has tended to focus more
narrowly on outcomes, and in particular, the opportunities partnership offers for trade union renewal (Terry, 2003). Yet as Stuart and Martinez-Lucio (2004) argue:

“Partnership is not just about outcomes, or its potential for trade unions. Partnership is a development that represents the emergence of a new approach to employment relations that attempts to reconfigure the form and content of management-union relations...it raises broader questions about the regulation of employment relations” (Stuart and Martinez-Lucio, 2004a, 11).

Accordingly, in order to understand more about the form and content of management-union/non-union representative relations – or what Roche and Geary (2002 refer to as the organisational micro-politics - the study explored in detail what partnership means in terms of decision-making as well as relationships between the key actors. Moreover, the study has advocated a pluralist approach, suggesting that that an inherent conflict of interest does not mean that all workplace issues involve conflict (Marxism), but neither can all workplace issues be structured as a shared interest (Unitarism). Rather, employment relationship conflict is best regarded as ‘mixed motive’, with both conflictual and shared interests (Kochan, 2000). Employees want their employer to be successful, but employee interests of higher wages, employment security and excellent working conditions, may clash with employer objectives of improving efficiency and minimising costs. The objective is achieving a stable ‘negotiated order’ from the expression of competing interests, by ‘institutionalising conflict’, by establishing an effective process of bargaining and consultation between actors (Batstone, 1984; Blyton and Turnbull, 2004). In contrast to the 1970s pluralism however, which was dominated by trade unions, collective bargaining and joint regulation, new pluralism is characterised by a mix of of union and non-union representative bodies, formal and informal structures, and a range of consultation, bargaining and negotiation. The structures and processes may have changed, but the aims of facilitating voice and institutionalising conflict remain the same.

As Stuart and Martinez-Lucio (2004b, 423) argue, employers and workers encounter simultaneously the pressures of economic efficiency and social justice. The key concerns are the “the systems of regulation that attempt to address these issues of economic and social distribution”, through, for example, statutory government
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regulation and collective employee representation. For pluralists, because of the inherent conflict of interest it is unwise to rely upon managerial goodwill, and equally it is not enough to rely on economic markets as proposed by neoclassical economists. This view can be contrasted with the Marxist view that a deeper class conflict exists, and that pluralist concerns for regulation are superficial. To aid analysis, the study draws on a framework proposed by Budd (2004). It is proposed that there is a need for a different way of evaluating partnership outcomes based upon the extent to which they contribute to the moderation/accommodation of the competing employment relations objectives of efficiency, equity and voice. In this way, the study avoids the use of crude employment relations outcomes – such as pay levels or job losses - as simple ‘indicators’ of the success or otherwise of partnership working. In order to understand issues of context, meaning and process a case study approach was deemed essential. Having summarised the rationale for the research, the following section outlines the main findings of this study in terms of the context, process and outcomes of partnership.

Context of partnership

The first issue concerns the context of partnership. Heery (2002) suggests that partnership is unlikely to hold any single consequence for actors. Rather, partnership is a process contingent on political, economic, organisational and regulatory forces (Martinez-Lucio and Stuart, 2005), and it is therefore useful to explore varieties of partnership (see for example Oxenbridge and Brown, 2004b). The three cases presented allowed comparisons to be made across four main dimensions: route to partnership; governance; unionisation and formality. The key findings will now be outlined in turn.

1. Does the route to partnership matter?

Often, partnership agreements have arisen out of industrial relations crisis (Oxenbridge and Brown, 2002, 2004a), and this may limit the scope for mutual gains (Kelly, 2004). On the other hand, where partnership has not arisen as a direct response to conflict but has evolved in more positive circumstances, there may be a
greater scope for mutual gains. Specifically, in the case of WebBank - a greenfield site with a very short industrial relations history - it could be speculated that, given that there was no industrial relations baggage or embedded cultures which needed to be changed, (Hallier and Leopold, 2000), forging partnership would be easier than in an organisation with a long history. In particular, employees with limited experience of participation may welcome any attempt to increase involvement (Marchington and Wilkinson, 2005). Certainly there was evidence to suggest that to an extent this was the case, in that there were fewer expectations which needed to be changed, unlike the case at NatBank where there was some resistance from union officials despite an official pro-partnership union stance. However, despite the long IR history at NatBank and BuSoc, most actors endorsed a partnership approach. Indeed, at BuSoc the long history of co-operative employment relations appeared to offer a fertile environment for partnership. Overall, it seems that history is not an insurmountable barrier to partnership. It also difficult to predict how the relatively young structures at WebBank will evolve, especially as the representatives gain confidence and experience, and in turn it is likely that expectations of actors will change over time.

2. Can partnership be achieved in liberal market economies?

Critics suggests that it is difficult to forge a sustainable partnership in a liberal market economy due to the framework of corporate governance which puts a premium on short-term performance, quick decision-making and shareholder value, over the potential interests of other stakeholders (Sisson, 1995; Heery, 2002, Hutton, 1995). As Konzellman et.al (2005) state:

“In liberal market-based systems such as the US and the UK...managers are required to pursue shareholder interests above those of labour, which often forces them to break implicit (psychological) contracts with labour in the interest of short-term shareholder value” (Konzellman et.al, 2005, 5)

In other words, organisations which have a dominant external shareholder such as PLCs may be constrained in their ability to commit to initiatives such as partnership (Konzellman et.al, 2006). Theoretically then, BuSoc would provide a more hospitable environment for partnership than NatBank and WebBank, given that it is insulated from the fluctuations and pressures associated with stock market pressure and
membership due to its mutual status. To an extent this may be true: BuSoc union officials and employees generally viewed the firm as a ‘good employer’ especially compared to other companies in the sector. On the other hand, this is not to say that BuSoc did not make controversial decisions without union support, such as the end of the final salary pension scheme for new employees in 2002. On the whole, however, most actors believed that the insulation mutual status affords did appear to be advantageous in enabling BuSoc to take a more stakeholder-oriented approach (Kochan and Rubenstein, 2000), both in terms of providing competitive products to customers and relatively favourable conditions for employees. However, there was little evidence to suggest that this was as a result of trade union engagement. More cynically perhaps, industry commentators have suggested that although mutuality currently fits well with business strategy, further moves by ‘carpetbaggers’, i.e. account holders who push for mergers and conversions in order to qualify for a cash windfall or shares, remains a risk in the future. Union officials expressed concerns regarding the impact of potential demutualization in the future on employment relations, as there was a belief that mutuality was acting as an important buffer. On the other hand, managers at NatBank and WebBank admitted that pressure to satisfy the stock market and employees is very difficult, but equally this pressure appeared to have provided a stronger motivation to engage with partnership, than was the case at BuSoc. In short, it can be concluded that the framework of corporate governance in the UK does provide some significant challenges for partnership, but that nevertheless, a degree of amelioration is still possible, and indeed that the external pressures can actually act as a catalyst to improve employment relations and to take a more strategic approach to HRM.

3. Can there be non-union forms of partnerships?
The partnership literature focuses almost exclusively on partnerships between trade unions and management, or what Dietz et.al (2005) refer to as a “union-only ghetto”. This is surprising given that, inter alia, the CBI, CIPD, IPA and DTI definitions of partnership do not suggest that a union presence is an essential component of a partnership agreement. Admittedly, some theoretical and empirical acknowledgement
of the potential of non-union partnerships has begun to emerge (Ackers et.al, 2004; Badigannavar and Kelly, 2005; Butler, 2005; Dietz et.al, 2005; Upchurch et.al, 2006) but remains limited. Evidence on the efficacy of non-unions structures is mixed with Knell (1999) concluding that there are negligible differences between union and non-union partnerships and IRS (2000) even concluding from their study that non-union partnerships appeared to be more ‘deep-rooted’ than union structures. On the other hand, research into non-union employee representation has often been pessimistic concluding that they are toothless institutions (Blyton and Turnbull, 1994; Butler, 2005; Gollan, 2001,2002,2003, 2005, 2007; Terry, 1999). However, given that trade union organisation and collective bargaining has declined significantly since 1980 - indeed in the private sector coverage of collective bargaining has fallen from 17% in 1998 to 11% in 2004 (Kersley et.al, 2005) - and the impact of the European Information and Consultation Regulations, understanding of employment relations in non-union environments is essential. This study revealed that the non-union partnership at WebBank did appear to be significantly more constrained than agreements at NatBank offering some support for the pessimists (Upchurch et.al, 2006). Nevertheless, the difference between the bodies at BuSoc and WebBank was less clear cut, other than the former had formally negotiable terms and conditions, and recourse to legal action and external arbitration.

In the terms of Marchington and Wilkinson (2005) the WebBank Employee Forum was more of an information body than a consultation/negotiating body, but did appear to be evolving into a more consultative body. However, it did also have an important role in terms of the management of discipline and grievance. As Haynes (2005) warns, there is a tendency to compare union and non-union voice, rather than non-union voice against no voice. For example, Upchurch et.al (2006, 407) describe a non-union structure where “much information was provided by management on workplace change” but criticise the structure on the grounds that employees were not always able to “persuade and invoke change”, despite their own survey evidence which suggested that 58% employees thought the employer was good at keeping people up to date with proposed changes, and 58% suggested the employer provided everyone with the chance to comment on proposed changes (Upchurch et.al, 2006,
Two responses can be made to such conclusions. Firstly, surely management provision of information regarding workplace change is better than no information at all, and indeed their own questionnaires reveal the majority of employees were satisfied with the amount of information received. Secondly, it is unlikely that employees in both union and non-union environments will always achieve what they want, but this does not mean that the process has been in vain, even if the final outcome is the same. Accordingly, it is argued that the WebBank structure demonstrates a substantial degree of success, thus supporting suggestions that non-union representative voice combined with direct voice may offer an effective voice regime (Bryson, 2004). It is noteworthy that the structure is still young, and the fact that most actors appeared to be satisfied and did not express a desire for union recognition. It is also important to remember that ineffective union structures also exist, and limited effectiveness of BuSoc union at a workplace demonstrates this. Clearly further research is required which investigates the efficacy of non-union partnerships, given that the UK appears to have shifted towards a multi-channel system, characterised by both union and non-union representation (Gospel and Willman, 2003).

4. Should partnership be formalised?

The literature is inconclusive in relation to the formality of partnership, with Oxenbridge and Brown (2004) arguing that informal partnerships can be more successful than informal partnerships, and Heaton et.al (2002) concluding the opposite. The case studies presented here, suggest that both formal and informal aspects are important to a successful and enduring partnership. Actors frequently cited the importance and value of cementing strong informal relationships, and understanding how to ‘play’ the politics of partnership. Clearly, formal structures alone are insufficient to create a robust partnership, as this is unlikely to facilitate the attitudinal and behavioural change required. On the other hand, over-reliance on informal relationships is also a precarious strategy. This was illustrated by the situation at BuSoc where the union appeared to be in a vulnerable position due to the fact the partnership was dominated by close relationships between a few key
management and union players, leading to questions of sustainability and succession. On the other hand, the relationship between BuSoc and the BuSuc Staff Union has been in existence for over thirty years thus demonstrating some degree of stability.

**Requirements for enduring partnership**

Having discussed the contextual factors, the next section raises three important points from the study, drawing on the propositions of Haynes and Allen (2001). They suggest three requirements for an enduring partnership. Firstly, the need for clear expectations of partnership and the rules of engagement (see also Stuart and Martinez-Lucio, 2004). Secondly, the importance of process, and the extent to which the partnership process accommodates sometimes divergent interests. Thirdly, actor perspectives on partnership and the extent to which outcomes can be considered to be mutually beneficial. These will now be discussed in turn.

**1. Definitions, expectations and the rules of engagement**

Haynes and Allen (2001) argue that there is a need for clear expectations regarding roles and behaviour to foster sufficient levels of trust which are essential to enduring partnerships (see also Cooke, 1990; Dietz, 2004; Guest and Peccei, 2001). Before considering the understandings of organisational actors it is useful to review the perspectives of academic commentators.

Among researchers, there is a lack of clear definition of what partnership actually means (Ackers and Payne, 1998; Guest and Peccei, 2001; Terry, 2003), as well as little guidance on how to recognise a genuine example of partnership or non-partnership (Dietz, 2004). Arguably, this may reflect a polarised way of looking at a messy world, when the reality is likely to be less clear cut. This creates problems with the selection of case study organisations, and raises questions of whether
researchers are actually comparing ‘like with like’ mentioned earlier. This is crucial, otherwise the evidence may not be of partnership failing as such, but rather ‘partnership’ providing a label for concession bargaining or old style collective bargaining, and pseudo-participation masquerading as partnership (Roche and Geary, 2002).

Typically, academic definitions suggest a notion of reciprocity (Martinez-Lucio and Stuart, 2002) and “co-operation for mutual gain” (Tailby and Winchester, 2005), coupled with the notion of proactive decision making. Given the inherent ambiguity, the thesis has highlighted the need to clarify the meaning of partnership in the UK and the influential definitions of the TUC and IPA were used to confirm that NatBank, BuSoc and WebBank all represented prima facie cases of partnership (IPA, 1997; TUC, 1999). Interestingly, while NatBank had followed the TUC model, and WebBank had been inspired by the IPA model, at BuSoc the approach was more ad hoc and haphazard. The thesis has also proposed that partnership can be thought of more usefully as a mix of certain practices and processes. Practices typically centre around a structure of representative participation, while processes concern consultation, decision making and actor relationships. It also proposes that associated outcomes such as sharing success, flexibility and employment security are matters for empirical investigation, rather than integral components of partnership per se.

For organisational actors, partnership also requires a clear understanding of purpose and the rules of engagement (Cooke, 1990; Stuart and Martinez-Lucio, 2004) yet intriguingly, the understanding of partnership held by the actors in the cases did not always correspond with the interpretation adopted by the critical commentators in the academic literature. It is quite possible that the expectations of armchair academic theorists do not match the expectations of workers and trade unionists. Critics often denounce partnership on the basis that it does not offer unions ‘joint-decision making’, ‘joint-governance’ or ‘co-determination’. For example, one study concludes that there was “extant managerial hostility to any notion of joint-decision-making” (Danford et.al, 2004, 185). Upchurch et.al (2006) also criticise a partnership in the finance sector on the grounds that it did not deliver “equal dialogue” or “economic
and industrial democracy”, reflecting their view that a broader issue of an inherent class conflict exists.

With regard to the present case studies, it is difficult to see how this can be presented as a justifiable criticism of partnership for two reasons. Firstly, the actors in these case studies did not believe that partnership meant co-determination of decisions. Partnership was viewed as problem solving and as a means to promote information, consultation and dialogue at an early stage, but in all cases management and representatives unanimously agreed that within a partnership framework management retained their right to manage, and indeed to make the final decision. This was not perceived to be a particular problem; indeed workers and employee representatives believed that on balance they did benefit from partnership working, and were generally positive about the outcomes, arguing that decisions were often better as a result. Secondly, it is difficult to gauge whether the situation would have been different without a partnership approach, i.e. with a traditional approach, and this is often overlooked by the critics who stress the need for negotiation and not ‘just’ consultation which they dismiss as second best (see for example Upchurch et.al, 2006). There has been a shift away from negotiation to consultation in the UK for many years (Cully et.al, 1999; Brown et.al, 2000; Oxenbridge et.al, 2003; Terry, 2003), and there is a danger of comparing consultation under partnership with a romantic historical view of trade unionism. As Brown et.al (2000) remind us, union influence has declined over the past twenty years on both pay and non-pay issues, with the exception of health and safety where strict legislation applies. Similarly, Terry (2003) points out that shop stewards are “no longer joint architects of organisational policy”, with or without partnership. As he asserts:

“The concept of ‘joint regulation’, long seen as the normative cornerstone of British industrial relations, clear evidence of unions’ capacity to influence the policies and practices of employers, has to be set aside” (Terry, 2003, 460).

Despite this, Heery (2006) found that union officers still view information and consultation as less central to their job than bargaining, reflecting their continued aspiration for joint regulation (452). However, both researchers and actors need to have a clear understanding of what is meant by partnership, and what exactly it is
expected to achieve. This study has proposed that often the expectations of academic theorists or some trade union officials may not necessarily correspond with those of organisational actors, and that in particular employee views are seldom taken into account.

2. The importance of process: mutual legitimation of interests?

It is also argued that existing studies often overlook the process of partnership, and this is important if the extent to which partnership contributes to a mutual legitimation of interests is to be evaluated. In other words, does partnership change the way decisions are made? As Guest and Peccei (1992) argue in relation to downsizing, the actual process of decision-making is important as well as the final outcome. Critics including Gall (2001) and Kelly (2004) highlight redundancies in organisations espousing partnership as evidence of the failure of partnership. However, as Dietz (2004) argues “one need not express surprise when large scale redundancies take place under partnership...the issue is how they are handled”. Given that “structure does not equate with process” (Boxall and Purcell, 2003, 171) and “good processes matter more than institutions” (Guest and Peccei, 1998, 9) there is a need to investigate the process of partnership in detail. As Freemen and Medolf (1984) argue, the efficacy of employee voice depends upon the way employers and employees interact, in other words the process of decision-making. The issue is whether voice achieves a regulatory impact (Hyman, 2005), or the ‘power to persuade’ (Greenfield and Pleasure, 1993). Roche and Geary (2002) have also highlighted a need to understand more about the micro-politics of partnership working. To this end, there was evidence of the partnership process exerting a moderating effect over decision making, particularly where a ‘business case for equity’ could be made, resulting in decisions which accommodated the views of representatives/employees to a greater degree than they may otherwise have done.

In relation to the analytical framework proposed by Walton and McKersie (1965), it has been proposed that a strong partnership would be characterised more by an integrative approach than it would be by a distributive approach (see also Haynes and Allen, 2001). When analysed in this way, the approaches at NatBank and WebBank
appear to be more successful than at BuSoc. At NatBank and WebBank there was evidence of attempts to identify common interests, brainstorming to identify solutions, and an emphasis on trust and transparency. Actors regularly spoke in terms of problem-solving approaches, and there was evidence of them devising innovative solutions through the process of dialogue. At BuSoc, the process was led by the chief negotiator, information was less free flowing and the union focus was on establishing and defending their ‘position’. This led to the possibility that the ‘good employment relations’ may be a result of employer paternalism and goodwill as opposed to partnership between management and the Bu Soc Union. The scope of union activity was also very limited, with a focus on terms and conditions, whereas in the other two cases the scope was much broader with evidence of the partnership operating at multiple levels. In other words, the bargaining relationship at BuSoc displayed more characteristics of traditional distributive bargaining than of the integrative bargaining style associated with partnership. In terms of attitudinal structuring, the importance of actor relationships, attitudes and behaviours was evident in all three cases. There was evidence to suggest that at BuSoc relationships remained much more ‘tactical’ and defensive; whereas at NatBank and WebBank relationships were more open. Indeed, at both NatBank and WebBank relationships had improved significantly over the last five years, especially between representatives and senior management, and particularly in relation to the legitimacy of the other party.

Of course outcome is important as well as process, but to achieve a more holistic understanding outcomes are best explored in context. This was an advantage of the critical incident technique, as it allowed specific issues to be identified and investigated in great detail. Accordingly, employing the analytical framework proposed by Budd (2004), there was evidence to suggest that as a result of voice and dialogue, union/ employee representatives were often able to moderate decisions to mitigate the worst effects for employees at NatBank and WebBank. To illustrate, in Figure 9.1 management may have proposed an efficiency-oriented decision to make 100 compulsory redundancies (D1). Traditionally, the union may have opposed the redundancies on philosophical grounds. However, at NatBank for example, the union and management team worked together to reach an agreement regarding redundancy
policy. This includes firstly discussing alternatives to job losses such as redeployment/relocation, minimising the number of losses, generous voluntary payments, career counselling and extensive notice period. The mitigation of the pure efficiency decision is reflected by arrow D2. The research revealed that moderation and mitigation appeared to be the dominant characteristics of decision-making under partnership. While the ideal decision for the union may have been D3 (no job losses), partnership may enable a compromise to be struck.

![Diagram](image)

**Figure 9.1** Moderating efficiency, equity and voice at NatBank

The framework can also be used to illustrate the dynamics of discipline and grievance at WebBank. High turnover and discipline cases were highlighted by senior managers at WebBank to be a significant problem especially in the call centre environment. A key area of involvement for the Forum was acting as an intermediary in disputes between employees and line managers. A team manager recounted an incident involving an employee who developed a poor attendance record. It was believed that after several warnings an efficiency-oriented decision would need to be made to dismiss the employee. The team manager admitted that he was slightly bewildered and disappointed by this, as the employee concerned was a consistently high performing member of staff, and therefore decided to ask a People Forum
representative to try and find out what was wrong. It transpired that the employee had a poor relationship with her line manager, and believed that she had been the victim of bullying. After investigation, the team manager transferred the employee to another team, and the employees attendance record improved significantly. The team manager believed that had there been no opportunity for forum intervention a high performing employee would probably have been dismissed, and the root of the problem never identified. In other words, management may have dismissed the employee following several warnings, on the grounds that it was the most efficient decision (D1). However, it was believed it was better to invest some time to ascertain the underlying cause and to try and resolve the situation. This resulted in a decision which was both efficient for the organisation as a high performing was retained, but also more equitable for the worker, as she was able to air her grievance and did not lose her job as a result of a relationship breakdown (D2). Indeed, the ostensibly efficient decision (D1) may actually have been inefficient given that an experienced and popular employee may have been dismissed.

**Figure 9.2** Moderating efficiency, equity and voice at WebBank

The same regulatory effect could not be identified in the case of BuSoc. It was suggested that in the previous five years employment relations had generally been good with few major controversies. The main recent incident was identified as the end of the final salary pension scheme to new entrants. This has become a significant
issue among mutual organisations, as spiralling pensions costs are seen to be eating into their ability to compete with their banking rivals. Increasing subsidies for the funds is controversial as often the main beneficiaries are executives. In 2001, the society took the decision to close the fund to new employees (D2). A more drastic but efficient decision may have been D1 (close the scheme to all staff). D3 represents a more equitable but less efficient approach of the employer increasing their contributions and lump some payments to help the fund. Yet there was little evidence of the decision being regulated by the union. Indeed the decision was said to have been imposed without consultation. So while the decision may have been D2 (end final salary scheme to new members) and not perhaps the more drastic D1 which was the course of action taken by Kent Reliance and the Newbury Building Society at a similar time, there was little evidence of this being a result of union involvement. This is indicated by the dashed arrows in Figure 9.3. In 2006, D2 remains the case although other organisations such as Clydesdale Bank and Co-operative Bank have recently opted for D1. At BuSoc the union have since agreed to increases in employee contributions in return for lump sum payments by the employer, but the future of the pension fund remains uncertain and is still a significant concern for the union. Again, such decisions must be placed in context. It is worth noting that of the 92 FTSE 100 firms which have final salary pension schemes, almost all are closed to new members and only one firm has closed the scheme to existing members as well. Nevertheless, some actuaries have predicted that final salary schemes will be ‘history by 2012’ (The Guardian, 02.08.06). Accordingly, it would be disingenuous to criticise BuSoc and BuSoc Union on the grounds of the pensions outcome alone, given that it reflects the trend in other financial service sector firms as well as the FTSE 100 overall. Despite this caveat, it is argued that there is still evidence of poor process, as the decision was simply imposed unilaterally by management, with negligible union involvement. This underlines the complex relationship between process and outcomes, in that poor process need not necessarily result in poor outcomes and vice versa.
In other words, two of the cases demonstrated evidence of ‘partial success’ in many instances with the voice process appearing to moderate decisions. The same could not be said in the case of BuSoc, with the most important decision in recent years being made without consultation, and limited evidence to suggest that more positive decisions were actually the result of union engagement as opposed to employer goodwill. The Budd framework is therefore useful in illustrating how – and whether - voice moderated countervailing pressures between efficiency and equity. However, an important caveat must be raised in relation to Budd’s call for ‘balance’: what exactly is meant by *balancing the objectives of the employment relationship*. The phrase appears to suggest some kind of stable equilibrium and raises concerns therefore as to whether this is actually achievable (Estreicher, 2005; Adams, 2005; Estreicher, 2005; Hyman, 2005), thus mirroring many old 1970s debates around pluralist IR (Fox, 1974; Clegg, 1975; Hyman, 1978). It is not surprising that radical scholars such as Hyman are dismissive, as Budd acknowledges “*critical industrial relations views the labour problem as inherent in capitalism and seeks to replace it with worker ownership and socialism*” (p.103). For liberal pluralists, on the other
hand, the ideas are highly attractive and provide a useful framework for analysis (Bamber, 2005). However, it is proposed that balance may not be the most appropriate term; indeed it is difficult to imagine what a balance would look like in reality. Adams (2005, 115) proposes a slightly modified objective, “optimality within minimally accepted bounds...societies should attempt to optimise efficiency, equity and voice – but the result might not be an equal weighting of all three objectives”. In other words, the aim should be to achieve sufficient levels of voice and equity compatible with high levels of efficiency. This reflects the argument of Howells (2005) that, in reality, fairness is likely to be the ‘junior partner’, with fairness in the service of competitiveness rather than the other way round. It is therefore unlikely to be an equal measure of each. Admittedly, Budd (2005) acknowledges these criticisms, and suggests that ‘balance’ need not necessarily be thought of as an equal weighting between the three components, but rather as “the search for arrangements that enhance one or more dimensions without undue sacrifices in other dimensions” (p.196), and that they should be viewed more as a ‘regulative ideal’, even if it is never realised. He comments that ‘respect’ could be an alternative to ‘balance’, but suggests this creates a new question of how much respect is enough?

In many respects such arguments again reflect the controversies surrounding pluralism which existed in the 1970s, and related concerns in relation to whether the pluralist ethic even requires or implies a balance of power (Fox, 1974; Clegg, 1975, 315). Although power inequalities were a key concern for ‘radical pluralists’ such as Fox, the existence of a power balance was not a particular belief of liberal pluralists such as Clegg who argued that “the pluralist ethic does not postulate a balance of power”. As Budd (2004) acknowledges, the fact that a balance of power does not exist does not mean it is not a worthy aspiration. This study, however, prefers the use of the terms ‘accommodation’ or ‘moderation’ as it is believed that these are the most compatible with the liberal pluralist view of the employment relationship. This does not imply that their ought to be an equal weighting which new pluralism simply cannot offer, and arguably old pluralism never offered either. In short, partnership is believed to represent an attempt to make the employment relationship less imbalanced; but not an attempt to make the employment relationship balanced.
It is argued that the framework proposed by Budd is a useful heuristic device when exploring the subtle processes of partnership, though it inevitably simplifies complex relationships. Studies such as those by Kelly (2004) which rely on raw quantitative indicators such as the number of redundancies or pay differentials, overlook the qualitative aspects such as the way the process was handled, and clearly this is also of great importance to workers. They also fail to address the impact of wider environmental factors. This reflects problems experienced in establishing a link between HRM and performance due to problems in establishing causality, inconsistency of HR practices applied, variations in the proxies used to measure high commitment HRM and performance, and the reliance on self reported scores from HR managers (Marchington and Wilkinson, 2005). There is therefore evidence to support the arguments of Findlay and McKinlay (2003) that it is from the process of partnership itself - the benefits of both influence over management and real involvement in governance processes - that employees may stand to gain from partnership.

3. Actors experiences and partnership outcomes: mutually beneficial?

Practices must be seen to be beneficial for managers, unions and employees if the partnership is to be enduring (Haynes and Allen, 2001), but, again, this need not necessarily mean an equal distribution of benefits for all actors (Clegg, 1975). The study found that on balance, management, union and employee actors were all in favour of a collaborative partnership approach. Management demonstrated a degree of pragmatism, and appeared to value the additional input they received through dialogue and the facilitation of organisational change. For unions this is optimistic, given that in the two unionised organisations many senior managers acknowledged that unions ‘added value’ because of their knowledge of what was happening on the shop-floor (Terry, 2003). Union officials and representatives also valued the additional resources they had been provided under partnership, as well as the increased access to information and key management figures. This supports findings by Roche and Geary (2002) and is inconsistent with studies which predict that
partnership will necessarily lead to the subordination of unions; indeed at NatBank it had actually revitalised workplace union organisation. Across the cases, employee opinion – which is often overlooked - suggested that they believed that adversarialism was no longer an appropriate union strategy. Indeed, many employees were critical of adversarial tactics, and suggested they were no longer relevant or useful. Radicals may attribute this to ‘false consciousness’ (Legge, 1995) but there is no reason to suggest that employees are ‘cultural dopes’. Moreover, although employees all agreed that voice is important, in the case of WebBank they did not necessarily want union voice, while at BuSoc and NatBank most employees were opposed to adversarial unionism. This is consistent with surveys in the US and UK which suggest that while workers want voice, they do not necessarily want union voice (Bryson, 2004). Research has suggested that though workers still have a belief in collective action with their colleagues, they do not necessarily see a union as central to this (Diamond and Freeman, 2001). This contrasts with the critical findings of studies such as Danford et.al (2004) which suggest a deterioration in the quality of working life, and “the anti thesis of mutual gain” (p. 28). Overall then, the positive actor responses offer a stark contrast to the critical responses in much of the existing literature.

Critics of partnership often express disillusionment and conclude that partnership has failed to meet expectations especially in terms of gains for unions and employees. They frequently selectively quote the remarks of Guest and Peccei (2001, 231) that “the balance of advantage is skewed towards management” as evidence of the inherent ‘failure’ of partnership (see for example Kelly, 2004; Smith and Morton, 2006). Smith and Morton (2006) for example use this statement to support their argument that partnerships serve to “entrench employer power”. Interestingly, this statement is often taken out of context given that Guest and Peccei also state how “taken overall...the results can be seen as a positive endorsement of the concept of partnership...evidence of a balance of advantage for management...is not in itself an argument against partnership” (Guest and Peccei, 2001, 231). They argue that in the cases where the gains were skewed a high trust partnership had yet to emerge. It is not then evidence of the failure of partnership per se, but rather a problem with the
way partnership has been operating, and even the most ardent partnership enthusiasts acknowledge that without a coherent and integrated approach, partnership need not automatically and unambiguously lead to mutual gains (Kochan and Osterman, 1994). Indeed, it is somewhat fatalistic to argue that partnership necessarily leads to managerial dominance and weakens unions, given that irrespective of partnership management-union relationships are stacked in favour of the latter over the former (Wills, 2004), given the change in power relations since 1979. In short, it is argued that perhaps the benchmarks for success set by critics are often set so high it is easy to conclude that partnership is ineffective. As Stuart and Martinez-Lucio (2004b, 422) point out:

“The expectations – both in terms of hopes and fears – generated by the term [partnership] mean that it has become all too easy to set it up as a ‘straw-debate’ with the aim of knocking it down” (Stuart and Martinez-Lucio, 2004b, 422).

For example, in their study of partnership in a non-union retail firm, Badigannavar and Kelly (2005) judge the effectiveness of partnership on the basis of the extent to which it ‘meets’ the TUC’s six principles of partnership, and pass judgement accordingly, before concluding that “the partnership is quite precarious as well as ineffective” (Badigannavar and Kelly, 2005, 1543). It is also noteworthy that despite the fact that some positive empirical findings are often reported in the data of critical writers, such findings are duly overlooked when they draw their pessimistic conclusions. Even the most critical studies such as Upchurch et.al (2005, 12) report that “it is clear that the Partnership Council has been a useful forum for agreeing integrative concerns through consultation”. Clearly, employing an ideal type or aspirational model as an analytical framework against which to judge outcomes is setting a very high barrier for success. After all, even the IR optimists only suggested that partnership may allow unions to re-enter the mainstream of employment relations (Ackers and Payne, 1998); they did not argue that employment relations would be completely recast overnight. What is more difficult to judge, however, is what may have happened in organisations without the partnership dialogue. It is conceivable that the situation may actually have been much worse. As Pfeffer argues:

“One should compare programmes not with some ideal but with the situation that would exist in their absence. In other words, just because a programme
does not solve every problem or move the organisation all the way, particularly initially, to where it wants and needs to be does not mean that it is a failure. A programme fails when it produces either no sustained change or else change that it is dysfunctional and ineffective. Some remediation of problems in managing the employment relation is certainly better than nothing at all (Pfeffer, 1994, 206).

Indeed, several benefits were found in the three cases confirming other studies, including increased legitimacy of the representative body, improved decision-making, constructive collaborative relationships and improved employment relations generally (Guest and Peccei, 2001; Roche and Geary, 2002; Oxenbridge and Brown, 2004).

Yet in the terms used by Kelly (2004), none of the case studies could possibly be described as labour-parity (i.e. high product demand, tight labour market and high union density) which he suggests is a prerequisite for genuine co-operation, and – as he predicts of financial services partnerships - would best be described as employer-dominant. Yet it would be unfair – and inaccurate - to characterise the partnerships as little more than union compliance and employer dominance. Upchurch et.al (2005, 18) report that 4/5 of employees in their study believed their representatives put forward their views at meetings, 3/5 believed they were effective, and 2/3 believed management sometimes/frequently asked for their views, yet the authors conclude “partnership had proved relatively ineffective for employee voice”. For reformists, however, what really matters is the extent to which partnership delivers some benefits to employees, as well a wider benefits to the economy and society as a whole. There is therefore a need to reconsider the benchmarks for success, and perhaps more attention needs to be paid to the expectations and perceptions of the actors themselves, and not those of armchair theorists.

The evidence from this study suggests that the primary advantage of partnership was that actors believed often decisions were more palatable as a result of the partnership process, and this is clearly very important. As Dietz et.al (2005) contend:
We would argue that the litmus-test for all partnerships – unionised or not – is the quality of the joint problem solving processes in the terms we suggested earlier: of giving significant influence to employees over organizational decision-making early in the process...and in delivering regular, acceptable mutual gains for all parties (Dietz et al., 2005, 302)

Admittedly, the partnerships may not actually have balanced the objectives of the employment relationship in terms of efficiency, equity and voice (Budd, 2004). Moreover, the gains of partnership may not have flowed equally to employers, employees and unions. But this is not sufficient reasoning to dismiss the concept of partnership, else we risk throwing the baby out with the bath water. Concepts of mutuality and balancing may be useful in an aspirational sense, but the reality is likely to be less impressive than this ideal in a capitalist society. It may be partly due to the “inappropriateness of ‘mutuality’ as a device for conceptualising the employment relationship under partnership regimes”, and that a reality of genuine mutuality is rare (Suff and Williams, 2004). Again, there are perhaps better thought of as a regulative ideal (Budd, 2004), and this wholly compatible with a pluralist conception of the employment relationship, where the aim is one of levelling the playing field. It also underlines the danger of conflating partnership (defined as a combination of practices and processes) with employment relations outcomes, which need to be considered separately. These reservations notwithstanding, partnership facilitated dialogue and voice, which promoted more considered decision making, and the moderation of business decisions and often mitigated the impact on employees. When judged in this light, the partnerships at NatBank, BuSoc and WebBank demonstrate a modicum of success.

**Challenges**

Despite the positive overall conclusions, significant challenges to enduring partnerships remain, but these do not provide arguments against partnership *per se*. As Geary and Roche (2004) note, partnership needs to be institutionalised to a significant degree, taking root at multiple levels and operating consistently over time.
They argue that partnership must operate at multiple levels including day-to-day decision-making. Embedding partnership at all levels was found to be a challenge in all case organisations, with representatives frequently citing inconsistencies in approach, reflecting findings by Marks et.al (1998), Heaton et.al (2002) and Dietz (2004). This was normally attributed to the second challenge identified, a lack of middle management engagement with the concept of partnership working.

Middle management may perceive partnership policies as at odds with reality, restricting autonomy, slowing down decision-making, or promoting policies which they believe are fine in theory but difficult to effect in practice. They may also have a lack of skills, disdain for HR work and competing priorities. This can lead to inconsistencies in application, making it difficult to embed a partnership culture (Marchington and Wilkinson, 2005). WERS04 reveals that management are more supportive of unions where they believe they contribute to business performance (Kersely et.al, 2004), but even instrumental support for unions may not be enough to form enduring partnership relationships, if it is not underpinned by a wider social legitimacy. As Boxall and Purcell remark:

“Few voice systems and positive union-management relations will exist, or exist for long, unless they are valued in their own right as legitimate and morally necessary activities irrespective of their performance outcomes. They have to have social legitimacy” (Boxall and Purcell, 2003, 182).

Representative efficacy was another significant challenge. As Terry states “success in consultation is perceived to rely on force of argument and technical competence rather than on muscle” (Terry, 2003, 493), and this may be difficult where representatives have traditionally criticised rather than engaged. This may create a gulf between representatives and their members. It is also more difficult for representatives to know what to support. While it is relatively easy to know what to support in terms of pay and conditions it is less easy to know what to support regarding changes to work organisation (Terry, 2003). There is also a delicate balancing act to be struck by representatives between being perceived to be ‘too strong’ or ‘too weak’ (Ackers et.al, 2004). If representatives are perceived to be too challenging, they may lose employer support, and employees may also disapprove of
‘old-style tactics’. On the other hand, if representatives are not challenging, employers may not get the feedback and input they require, and employees are likely to view the representatives as co-opted and question their value. This supports the propositions of Ackers et.al (2004) that both overly adversarial approaches and weak partnership approaches are not sustainable in the long-term. Nevertheless, the example of WebBank suggests the possibility that moderately weak non-union partnerships may actually be sustainable. It still seems reasonable to suggest, however, that strong and high-trust partnership is most likely to be sustainable in the long term. (Guest and Peccei, 2001; Oxenbridge and Brown, 2004). This supports the findings of WERS04, that management are more likely to be supportive of trade unions where they believe they make a positive contribution to business performance (Kersely et.al, 2006).

As mentioned earlier, regulatory context is often cited as a barrier to sustainable partnerships in liberal market economies such as the UK (Heery, 2002; Deakin et.al, 2002, 2004, Turnbull et.al, 2004). There was some evidence to support that occasionally, despite the rhetoric of partnership, decisions would be imposed on the grounds that they are deemed to be ‘essential for financial reasons’. For example at NatBank outsourcing to India was deemed essential in order to remain competitive, while at BuSoc the decision to close the final salary pension scheme was unilaterally imposed, and deemed essential to avoid further losses. It was also found that union/representative arguments were more likely to convince managers that a decision made business as well as ethical sense. However, there are limitations to this criticism, as there is no prospect of the UK adopting old-style EU corporatism, and indeed such styles may be fading there too.

Lastly, concerns must be expressed regarding the resistance of partnership to adversity, particularly in a voluntarist environment. Partnerships should not be seen in terms of a static agreement (Stuart and Martinez-Lucio, 2004b) but must be able to stand of test of time (Gall, 2001) and this is difficult to predict. Cooke (1990) suggests that to function co-operative frameworks have to have processes to deal with challenges and threats, as well as positive developments. Challenges are likely to
include a change in key actors/partnership champions, or a major conflict or organisational decision. This requires a commitment to the legitimacy of the actor contributions, and an acceptance of the inevitability of some conflict over divergent interests. As Haynes and Allen (2001, 181) comment “partnership unionism represents not so much a bipolar movement from adversarialism to co-operation, but a movement from co-operation within an adversarial context, to constrained conflict within a co-operative framework”. In other words, parties need to accept the inevitability of some conflict arising within a healthy partnership. This pluralist perspective was generally accepted in the unionised environments of NatBank and BuSoc. At NatBank the partnership appears to have weathered the storm of the first five years, and the agreement has been renewed for another five years. At BuSoc there had been few tests in the last five years besides the issue of pensions, and on this particular issue partnership failed. In the non-union case of WebBank, however, management demonstrated a much more unitarist perspective, and should a major dispute arise the ability of the structure to survive remains to be seen. As such, it remains untested. Streeck (1992) expresses concerns regarding voluntary partnerships for three reasons: asymmetry of power; union views only legitimate when they serve market functions and maintaining ‘good behaviour’. In other words, how effective can the representatives be if they are perceived by management to be obstructive or out of line with the business interest. In this respect the case of WebBank would present the most precarious partnership. Partnership advocates, however, would argue that voluntary arrangements can be sustainable with sufficient strategic integration (Kochan and Osterman, 1994).

Conclusion

To conclude, it would appear that the impact of partnership on employment relations in Britain is considerably more complex than the existing literature suggests. On balance, the thesis offers some support for the advocates, as well as some support for the concerns expressed by the critics. In particular, the thesis has argued that there is
a need to understand more about the context and process in addition to the difficult to measure outcomes, if the realities of partnership working and a comprehensive understanding is to be achieved. To this end, it is argued that the views of the critics are too fatalistic and defeatist, and of little use to ordinary employees and managers looking for a way to improve the quality of their employment relations. It also suggests that different trajectories of experience are possible, and indeed likely. There is also a need to re-think exactly what partnership means, and what it is expected to achieve and assess accordingly. The thesis has also demonstrated the value of exploring the process of partnership as well outcomes, and Budd (2004) offers a useful framework for doing this. There is also a need to compare the actual outcomes in real contexts of decision making shaped by partnership, and to compare outcomes not just with the ‘ideal’ outcome, but with the other possible alternatives.

As these cases demonstrate, several decisions were better than they could otherwise have been for staff, and the partnership approach had resulted in several compromises to the benefit of employees by mitigating the impact of decisions. Representatives also benefited from increased legitimacy. There was evidence to suggest that without the partnership dialogue decisions may have been more focused on short-term efficiency, with scant regard for the equity outcomes. Interestingly management acknowledged that decisions based solely on ‘profit-maximising’ and ‘efficiency’, i.e. bad HRM, are often inefficient because they are met with staff resistance and union opposition, whereas compromises which may appear to be less efficient and slower are actually moreso because of greater legitimacy and acceptability. In other words, managers expressed that often there was a sound business case for equity. Partnership is unlikely to ‘balance’ the objectives of the employment relationship, but it is quite possible that the outcomes were more balanced than they would have otherwise been, and this is a central component of the pluralist ethic. Moreover it is difficult to imagine what a balance would actually look like (Clegg, 1975). Partnership may not lead to the development of three stakeholder organisations, but rather three organisations which were more stakeholder-oriented than they may otherwise have been. There was also little evidence of support for a more militant/adversarial approach in this context. In addition, there is evidence to suggest that an effective partnership encourages management to think more strategically and long term, in
relation to their HRM and employment relations policies. When judged in this light, the cases of NatBank, BuSoc and WebBank demonstrate various degrees of success, although of course significant challenges remain if partnership is to become an enduring model of employment relations regulation in the UK. As with other forms of participation, “initiatives are probably more limited than the enthusiasts claim, but more constructive than the critics admit” (Marchington and Wilkinson, 2005, 415).

Implications for practice

The findings of the research also raise some important implications for the key actors involved in partnership working.

**Trade unions are increasingly required to demonstrate the value they can add in the eyes of both employers and employees.** Although critics argue that the risks of partnership are so high that it may be ‘partnership and perish’ (Tailby et.al, 2005, 3), this study proposes, however, that the viability of a more heroic militant route is highly questionable. Rather, trade unions need a different approach if they are to prove they can actually add value. The study found that many employees no longer support adversarial strategies, and the WebBank case reveals how many workers are happy with non-union voice mechanisms, and are questioning what a union can add. Others were more overtly negative and viewed unions as outdated and the organisers of strikes. This echoes quantitative studies which suggest that employees appear to be doubting the effectiveness of union voice (Bryson, 2004), and relates to the paradox of unionised worker satisfaction, where union members are consistently found to be more dissatisfied than their non-member counterparts (Guest and Conway, 2004). It is possible, however, that unions raise member expectations and political consciousness but may be perceived to be failing to deliver against such expectations, making workers more aware of problems, and therefore more likely to report them (Freeman and Medoff, 1984). Even if it is true it still presents a challenge for unions. In sum, suggestions that employees favour direct rather than representative voice,
perceive non-union voice to be more effective than union voice, and that union members are the most dissatisfied, make very bleak reading for unions.

Accordingly, this study suggests that unions need to adapt to the new realities of work, and to re-think their approach, if they are to secure the support of employers, employees and government. Just as Labour re-invented themselves in 1997 as a party which claims to be aware of the needs of both the business community and workers, the union movement needs to consider how they can re-invent themselves as useful parties in the eyes of both employers and employees. Trade unions need to ensure that they offer sufficient training and support for representatives to take up the new challenging roles, so they are capable of engaging in consultation and not merely opposing or criticising. Representatives are increasingly required to challenge on the grounds of business case, and this requires different skills and approaches. The evidence suggests that unions do have an advantage through their knowledge and external intelligence. Unions may benefit from exploring how they can best share this knowledge with, and between, union representatives. They also need to improve communication with and recruitment of a new generation of never members, free-riders, and in particular younger workers. Raising the profile of trade unions at universities and colleges and increased use of the internet to raise awareness and service members may be two avenues for this. Websites such as www.worksmart.org.uk suggest that unions are shifting in this direction. Unions must also engage with the reality of the heterogeneity of channels now available to British workers and employers, as various combinations of union/non-union and direct/indirect are now increasingly possible. Overall, the findings lend support to the argument that partnership may be pursued by management with or without trade unions (Ackers et.al, 2004). The NatBank case illustrates that unions can gain significant benefits from a strong partnership relationship. In short, the findings starkly disagree with the pessimistic views shared by Darlington, 1994; Fairbrother, 1996 and Kelly, 1998. For unions, it may be the case that they need to learn to demonstrate strength through flexibility by ‘bending like the willow’, as a traditional macho approach appears incompatible with the current multi-channel environment.
**Employers have little to fear from partnership.** However, if the representative body is to function effectively they need to accept the legitimacy of the representative body, and acknowledge the right of the body to question and to sometimes disagree. Employers may be concerned that partnership may lead to sub-optimal decisions, for example engaging with a union which appears to defend the lowest performing employees, or compromising on decisions. Yet the evidence suggested that in the long-term this was not the case. The representative bodies agreed that on occasions decisions regarding discipline and grievance are fair, so long as employees have the opportunity to have a fair hearing. From their perspective, the priority was ensuring that due process was followed, and that it was ‘felt fair’, even though the final outcome may have been the same. There were also several examples where employer compromises may have been deemed suboptimal. However, in reality, often management suggested that the strategic decision making which partnership encouraged, allowed them to identify decisions which were actually more efficient in the long term. Employers need to recognise that attempts to constrain the representative body too much is likely to result is a structure which is mutually detrimental rather than mutually beneficial. If management treat partnership as a sign of union weakness and attempt to exploit the situation, or conversely if the union views a management preference for co-operation as indicative of management weakness, the structures and relationships are unlikely to be effective (Bryson and Freeman, 2006). Rather, weak ‘fig leaf’ partnerships will deliver little for employers, unions or workers. Moreover, the commitment to employee representation and collaborative working must extend far beyond the executive team or the HR department to have any real impact. In particular it is essential to get the ‘buy-in’ of the line managers who are actually managing people on a day-to-day basis, as this was identified as one of the main barriers to effective partnership working, resonating with earlier studies into employee involvement initiatives (Marchington et.al, 1992).

**Employees need to be more engaged with representation.** The danger is that partnership becomes an arcane elite-level process of little relevance to workers, as was illustrated in the BuSoc example. The lack of interest may also mean that elected representatives are standing for the wrong reasons, again acting as a barrier to the
construction of effective partnership relationships. Effective communication between the actors is key. The study suggested that most employees did not want information forced upon them, but rather that they were generally kept up to date, and knew how to access further information should they require it. The study also supports the notion that employees increasingly want co-operation not confrontation, where the union works with management to improve the workplace and working conditions, as opposed to a focus solely on defending workers (Bryson and Freeman, 2006).

**Implications for future research**

Considerable scope for further research into partnership remains. The following may provide interesting avenues for further research studies in terms of both methodology and research questions:

1. **Longitudinal studies**
   This study has offered a snapshot of partnership at a particular point in time in these organisations. Of course, additional context has been obtained through secondary documentation and historical accounts of respondents, but it would be interesting to observe a partnership relationship over time. It is argued that partnership is not static but constantly evolving, and exposed to different pressures and tensions over time. To this end further contributions could be made through longitudinal studies. There is evidence of this occurring, for example the studies of Sportasia by Dietz (Dietz et.al, 2005). The could trace shifts in the partnership process and actor reactions over time.

2. **Sector**
   The present study has focused on partnership working in the financial service sector. It is argued that this provides a valuable contribution given that the financial service sector accounts for a significant proportion of employment in the UK, as well as the
fact that studies into manufacturing traditionally dominate IR research. However, further contributions could be made by exploring partnership in other sectors.

3. Comparative case studies
The comparative case studies used in this study, could complement the surveys and single case studies which characterised the British partnership literature. In particular paired-comparisons between partnership and non-partnership firms in the same sector could be useful. Perhaps a useful framework would be to compare union partnerships and union-non partnerships, and non-union partnerships with non-union firms without partnership.

Potential focus of future research

In terms of the specific focus of future research, the following may be instructive.

1. Worker view
Further research could aim to clarify more the worker view regarding partnership, and avoiding relying on trade unionists as proxies of employee views. Indeed, this study has revealed a need to understand more about the views of workers, as the evidence herein suggests that these may not always correspond with the views industrial relations theorists assume they hold. Arguably researchers have tended to conflate trade union views with employee views. More empirical evidence would therefore be useful and perhaps there is a need for some large scale quantitative studies into current employee attitudes to trade unions in particular, and employee representation generally.

2. Understanding process
The study has also highlighted the need to know more about partnership as a process, rather than just the content of agreements, or the raw outcomes. The study revealed
the more subtle facets of partnership, described as being ‘partnership-minded’ or operating or having a ‘partnership style’. It also highlighted how issues of process and outcome are often conflated. Given the complexity of partnership, there is a need to understand more about the context, motives and drivers for partnership. This includes issues such as actor choice, and relationships within and between actor groups. As Stuart and Martinez-Lucio (2004b) argue “poor outcomes do not in themselves act as a simple basis for evaluating the process (p.423). This study argued that such approaches are limited, given that partnership is about more than just outcomes, indeed reconfiguring the conduct of employment relations. Moreover, good processes do not automatically lead to good outcomes as a result of the various contextual factors, such as economic conditions or corporate strategy, which may also influence outcomes.

3. Non-union partnership
Given that the majority of British workplaces no longer recognise trade unions, much more research is needed into the characteristics and efficacy of non-union partnerships, especially in light of the Information and Consultation Regulations (see for example Badigannavar and Kelly, 2005; Dietz et.al, 2005). The evidence from the WebBank case suggests that non-union partnerships can actually make a difference, and it would therefore useful to glean additional empirical evidence regarding partnership in non-union contexts.
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Jones, R. ‘Final salary pension schemes to be history by 2012’ *The Guardian*, 02.08.06.


14 November 2003

{Address omitted}

**Research into partnership between employers and employees**

Dear {Name omitted},

I am currently conducting research into partnership between employers and employees as part of my doctoral studies at Loughborough University Business School. The study is supervised by Professor Adrian Wilkinson and Dr Peter Ackers.

At this stage I am keen to speak to organisations with knowledge of the partnership approach to conducting employment relations, and am approaching you in that regard. I believe it would be very valuable to understand more about partnership issues within {name omitted}. Discussions would cover such issues as:

- the participation infrastructure within {Name omitted}
- the rationale behind the current infrastructure
- the nature of specific participation processes
- the outcomes/effectiveness of participation processes

I envisage that the interview would take around one hour, arranged at a time convenient to you. Participants will be provided with a summary of the key findings of this phase of research. I also appreciate that this is a busy time of year and therefore interviews could be scheduled in January 2004. If you require any further information please do not hesitate to get in touch. I do hope you would like to be involved in the research, and look forward to hearing from you soon.

Yours sincerely,

Stewart Johnstone
Doctoral Researcher
14 November 2003

Trade Union Congress

Congress House
Great Russell Street
London WC1B 3LS

Research into partnership between employers and employees

Dear Mr Coats,

I am currently conducting research into partnership between employers and employees as part of my doctoral studies at Loughborough University Business School. The study is supervised by Professor Adrian Wilkinson and Dr Peter Ackers, who were also speakers at the LSE/CIPD Voice and Value conference.

At this stage I am keen to speak to key organisations with knowledge of the partnership approach to conducting employment relations, and am approaching you in that regard. I believe it would be very valuable to understand more about the opinions of the TUC on partnership issues. I envisage that the interview would take around one hour, arranged at a time convenient to you. I appreciate that this may be a busy time of year and envisage, therefore, that interviews could be scheduled in January 2004. I am also willing to provide a summary of my key findings from this phase of the study to participants.

If you require any further information please do not hesitate to get in touch. I do hope you would like to be involved in the research, and look forward to hearing from you soon.

Yours sincerely,

Stewart Johnstone
Exploratory Interview Guide

- Collective bargaining under partnership: how is pay now agreed
- Working definition of partnership
- Specific issues ((sensitive)) rationalisation e.g. call centres, and (innocuous) family-friendly working, health and safety
- Rationale and the role of specific external factors (e.g. political climate)
- History of industrial relations within {name omitted} (from staff association days)
- Background to the {name omitted} partnership
- Current participation infrastructure within {name omitted}
- Rationale behind the current infrastructure
- The outcomes/effectiveness of participation processes
- ER Manager’s career history – how he became involved in the partnership process – role in the partnership process
- How much have things actually changed under partnership
- How does {name omitted} compare to others in the banking sector vis-à-vis employment relations
- Thoughts about the future of the {name omitted} partnership
- European works councils and information and consultation directive
- The current state of partnership
- Involvement and support of external agencies
Appendix A

http://www.lboro.ac.uk/departments/bs
email: s.johnstone@lboro.ac.uk

Ref: NW/EE

Research into Employment Relations in Financial Services

I am conducting research into employment relations within the UK financial sector and (name omitted) have very kindly agreed to assist with the project. This is an independent academic study being conducted at Loughborough University Business School, under the supervision of Professor Adrian Wilkinson, Professor of Human Resource Management and Professor Peter Ackers, Professor of Industrial Relations.

The study aims to explore issues including:

- employee participation mechanisms within (name omitted)
- relationships between management, (name omitted) representatives and employees
- topical issues and the nature of decision-making processes
- the overall climate of employment relations within (name omitted)
- future challenges and prospects

Employee opinions and experiences are central to this research. I am therefore keen to hear the views of (name omitted) employees. To this end, I would like to invite you to assist with a short research interview. I envisage that discussions would take around one hour and all interviewees are guaranteed both anonymity and confidentiality. If you have any specific questions regarding the study please do not hesitate to contact me by email. I do hope you are able to assist with the research and I look forward to meeting you very soon.

Stewart Johnstone
Doctoral Researcher
1. Senior Management/Management Interviews (December 2004)

1. INTRODUCTION AND BACKGROUND  
   (give information sheet)

- Greetings/thanks/purpose of the interview/recording and confidentiality
- **Personal introductions (job-title, role, time with the organisation, brief biography).**
- Background information to the company (initial interviews)
- Background to recent developments/challenges in the finance sector
- Brief background to employment relations within [Company]. How would you describe the style of employment relations?
- The nature and scope of specific participation infrastructure within [Company] (explore direct structures and indirect structures in place – initial interviews only)

2. PARTNERSHIP (if unfamiliar substitute ‘employment relations approach’)

- Personal understanding (if any) of partnership employment relations/main principles of partnership approach/principles
- Background to the partnership/ER approach within [company]
- Rationale for the partnership/ER approach within [Company]
- Who was/is involved (internally/externally) with partnership/ER approach
- Any personal involvement with the partnership/ER process?

3. PROCESSES: RECENT ISSUES AND DECISIONS  
   (use arrow prop)

- Identification of specific ‘key issues’ and challenges within [Company] over the past 5 years?
- What were they? What happened? How were they handled?
- How were the decisions actually made? What was the outcome? Was it satisfactory or unsatisfactory? Were any lessons learned?
- Does the way decisions are made depend on the issue/circumstances?

4. PROCESSES: HOW WOULD YOU DESCRIBE RELATIONSHIPS

- Management-representative relations
Appendix B

- Management-employee relations
- Employee-representative relations
- Have relationships changed over time? How were they before? How are they now?
- Attitude to trade union(s). *Are they stronger/weaker than before? Examples.*

5. OUTCOMES

- Effectiveness of the current infrastructure (representative perspective) and why
- Effectiveness of the current infrastructure (employee perspective) and why
- Overall effectiveness of the participation current infrastructure and why (personal view)
- Any barriers and obstacles to effectiveness? *Examples.*
- Overall opinion on the current employment relations climate within [Company]
- Overall do you think employees have enough say?
- How do you think employment relations within [Company] compare with *5 years ago?/Then/Now/Examples*
- How do you think employment relations within [Company] compare other organisations within the industry?
- How do you think employment relations compare to a *non-partnership* firm?

6. CURRENT AND FUTURE DEVELOPMENTS

- Current and future developments in relation to partnership/ER within [Company]
- How likely to survive/conduits for survival
- Future prospects and challenges faced by [Company]
- Any further issues not already discussed?
- Closing comments/thanks

*Note:* try to get different perspectives on the same critical incidents
2. Employee Representative Interviews (December 2004)

1. INTRODUCTION AND BACKGROUND (give information sheet)
   - Greetings/thanks/purpose of interview/recording and confidentiality
   - Personal introductions (job-title, role, time with the organisation, brief biography).
   - Brief background to employment relations within [Company] Describe?
   - Role of the employee representative
   - The specific participation infrastructure within [Company] (discuss direct structures and indirect structures in place)

2. PARTNERSHIP
   - Understanding of partnership employment relations/ main principles of partnership approach/principles
   - Rationale for the partnership/ER approach within [Company]
   - Background to the partnership within the company
   - Who was involved (internally/externally). any personal involvement with the partnership/ER process)

3. PROCESSES: RECENT ISSUES AND DECISIONS (give arrow prop)
   - Identification of specific ‘key issues’ within [Company] over the past 5 years?
   - What were they? What happened? How were they handled?
   - How were the decisions actually made? What was the outcome? Was it satisfactory or unsatisfactory?
   - What was the role of employee representatives in the process
   - Views on trade unions. Are they stronger/weaker as a result? Examples.

4. PROCESSES: RELATIONSHIPS
   - Management-representative relations
   - Management-employee relations { refer back to specific issues
   - Employee-representative relations

5. OUTCOMES
Appendix B

- Overall effectiveness of the current participation infrastructure (personal view)
- Effectiveness of the current infrastructure (management perspective)
- Effectiveness of the current infrastructure (employee perspective)
- Any barriers and obstacles **Examples**
- Overall opinion on the current employment relations climate
- Sufficient employee voice?
- How do you think employment relations within [Company] compare with 5 years ago? Then/Now/Examples
- How do you think employment relations within [Company] compare other organisations within the industry?
- How do you think employment relations within [Company] compare with non-partnership organisations?

6. CURRENT AND FUTURE DEVELOPMENTS

- Current and future developments in relation to partnership/ER
- Future prospects and challenges/How stable/Likely to survive?
- Any further issues not already discussed?
- Closing comments/thanks

**Note:** try to get different perspectives on the same critical incidents

(END OF INTERVIEW)
3. Employee Interviews (December 2004)

1. INTRODUCTION AND BACKGROUND (give info sheet)

- Greetings/thanks/purpose of the interview/recording and confidentiality
- **Personal introductions (job-title, role, time with the organisation, brief biography, any personal involvement with the partnership process)**
- **Brief background to employment relations within [Company] Describe?**

2. EMPLOYEE PARTICIPATION

- What do you understand by employee participation?
- To what extent do you think it is important to involve employees at the workplace? Why/why not?
- What systems are there for involving employees in decision making within [Company]
- The specific participation infrastructure within [Company] (discuss direct structures and indirect structures in place in more detail)
- Any knowledge of ‘partnership’ employment relations? (If yes, probe further)

3. PROCESSES: ISSUES AND DECISION-MAKING (give arrow diagram)

- Identification of specific ‘key issues’ within [Company] over the past 5 years?
- What happened? How were they handled? What was the outcome?

4. PROCESSES: RELATIONSHIPS

- Management-representative relations
- Management-employee relations } refer back to issues identified as e.g’s
- Employee-representative relations
- Views on the role of trade union(s) **Are they stronger/weaker? Examples.**
5. OUTCOMES

- Overall effectiveness of the current participation infrastructure (personal view)
- Effectiveness of the current infrastructure (management perspective)
- Effectiveness of the current infrastructure (employee perspective)
- Any barriers and obstacles
- Overall opinion on the current employment relations climate
- Sufficient 'employee voice'
- How do you think employment relations within Company compare with 5 years ago? Then/Now/Examples
- How do you think employment relations within [Company] compare with other organisations within the industry/other workplaces with which you are familiar?

6. CURRENT AND FUTURE DEVELOPMENTS

- Current and future developments in relation to partnership
- Future prospects and challenges/How stable?/Conditions for success?
- Any further issues not already discussed?

Note: try to get different perspectives on the same critical incidents

(END OF INTERVIEW)

08 December 2004
## NatBank partnership agreement

### 1. Roles and responsibilities

<table>
<thead>
<tr>
<th>NatBank commits to:</th>
<th>Union commits to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing a business strategy and direction which recognises and respects the interests of employees along with other stakeholders.</td>
<td>Acknowledging the legitimate interests of other stakeholders when seeking to challenge and influence business decisions.</td>
</tr>
<tr>
<td>Enabling Union to influence the implementation of business strategy and plans by sharing these with union during development.</td>
<td>Seeking out viable solutions to individual and collective employee issues.</td>
</tr>
<tr>
<td>Implementing business decisions in a fair and consistent way.</td>
<td>Maintaining confidentiality.</td>
</tr>
<tr>
<td>Communication openly and honestly with our people and being the first to inform them about business plans/decisions.</td>
<td>Respecting NB’s right and responsibility to communicate with its people first about issues affecting them when these are not in the public domain.</td>
</tr>
</tbody>
</table>

### 2. Behaviours

<table>
<thead>
<tr>
<th>We will carry out our respective roles and responsibilities in a way that demonstrates mutual trust and respect.</th>
<th>Openness with information about the business.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acknowledging and facilitating the interests of its members.</td>
<td>Acknowledging and facilitating the unions role to promote the interests of its members.</td>
</tr>
<tr>
<td>Listening to alternative views with an intention of problem solving.</td>
<td>Listening to alternative views with an intention of problem solving.</td>
</tr>
<tr>
<td>Realism, practicality and pragmatism.</td>
<td>Realism, practicality and pragmatism.</td>
</tr>
<tr>
<td>Constructive and effective communication with our people.</td>
<td>Constructive and effective communication with members.</td>
</tr>
</tbody>
</table>

### 3. Accountability

<table>
<thead>
<tr>
<th>We will ensure all participants in NatBank/Union discussions understand their responsibilities and the issues, and are able to add value.</th>
<th>Clearly setting out the type and scope of business change and other consultations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring representatives have the authority to make and implement agreements.</td>
<td>Ensuring representatives have the authority to make and implement agreements.</td>
</tr>
<tr>
<td>Ensuring reps understand the spirit in which we undertake our discussions.</td>
<td>Ensuring reps understand the spirit in which we undertake our discussions.</td>
</tr>
<tr>
<td>Supporting and promoting decisions once made and agreed.</td>
<td>Supporting and promoting decisions once made and agreed.</td>
</tr>
<tr>
<td>Developing representative structures with NB which continue to reflect the changing nature of the business.</td>
<td>Developing representative structures with NB which continue to reflect the changing nature of the business.</td>
</tr>
<tr>
<td>Ensuring that, within Unions structure, reps have the authority to make and implement agreements.</td>
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</tr>
<tr>
<td>Ensuring reps understand the spirit in which we undertake our discussions.</td>
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</tr>
<tr>
<td>Supporting and promoting decisions once made and agreed.</td>
<td>Supporting and promoting decisions once made and agreed.</td>
</tr>
</tbody>
</table>

### 4. Excellence

<table>
<thead>
<tr>
<th>We will develop and promote high standards of performance and professionalism to secure the success of NatBank and the people who work here.</th>
<th>Demonstrating professional management and leadership.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuing the diversity of all our people and helping them to fulfil their potential.</td>
<td>Valuing the diversity of all our people and helping them to fulfil their potential.</td>
</tr>
<tr>
<td>Recognising and rewarding exceptional performance.</td>
<td>Recognising and rewarding exceptional performance.</td>
</tr>
<tr>
<td>Dealing with underperformance in a fair but firm manner.</td>
<td>Dealing with underperformance in a fair but firm manner.</td>
</tr>
<tr>
<td>Building on what we do well and supporting best practice.</td>
<td>Building on what we do well and supporting best practice.</td>
</tr>
<tr>
<td>Recognising business goals and objectives.</td>
<td>Recognising business goals and objectives.</td>
</tr>
<tr>
<td>Demonstrating support for the principle of continuous improvement in handling the concerns of employees.</td>
<td>Demonstrating support for the principle of continuous improvement in handling the concerns of employees.</td>
</tr>
<tr>
<td>Constructively providing feedback on performance systems and ideas for improvement.</td>
<td>Constructively providing feedback on performance systems and ideas for improvement.</td>
</tr>
<tr>
<td>Recognising that NB will differentiate reward in line with performance.</td>
<td>Recognising that NB will differentiate reward in line with performance.</td>
</tr>
</tbody>
</table>

### 5. Flexibility

<table>
<thead>
<tr>
<th>We recognise that success depends on meeting customer needs. We will work together to promote commercial success, taking account of the interests of</th>
<th>Enabling our people to balance the demands of work and home when responding to customer requirements.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers and shareholders.</td>
<td>Working together across the Group while acknowledging that different markets will drive different needs.</td>
</tr>
<tr>
<td>AND for Union to represent and promote interests of employees while recognising those of other stakeholders.</td>
<td>Equipping our people with wider skills and where appropriate.</td>
</tr>
<tr>
<td>NatBank to manage the business balancing the interests of employees.</td>
<td>Recognising that NB operates in a number of markets requiring different terms and condition of employment.</td>
</tr>
<tr>
<td>Maintaining confidentiality.</td>
<td>Recognising that flexibility and the development of skills is key to operating</td>
</tr>
</tbody>
</table>
employees and the quality of their working life

6. **Employability**
We will work together to ensure that wherever possible compulsory redundancies will be avoided

| Providing career counselling and outplacement support | Help to develop a culture focusing on employability |
| Investing in training and coaching | Proposing viable initiatives to support our people through change |
| Creating a climate which encourages self-development | Providing wide-ranging training resources |
| Opportunity to develop skills | to members/reps |

in FS.