



Partnership as union strategy: a preliminary evaluation

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Received July 2000

Revised September 2000

Accepted December 2000

Keywords *Industrial relations, Employers, Partnerships, Trade unions*

Abstract *Two general viewpoints on workplace “partnership” as a union strategy are identified: it is seen as either a potentially effective strategy for restoring union influence, or as fatally flawed. Discusses the determinants of robust union-management partnership relations in order to assist the evaluation of “partnership unionism” as a union strategy. Outlines a definition of workplace partnership based on practice. Although common elements with earlier attempts to promote or implement union-management cooperation can be discerned, it is argued that contemporary workplace partnership has distinctive characteristics arising from its specific context. Two cases are used to illustrate the internal dynamics of workplace partnership and the nature of interaction with environmental factors. The necessary components of robust partnership relations are thereby isolated. Partnership is found to be not only compatible with, but dependent upon, stronger workplace organisation. Such an understanding is found to be a possible alternative to accounts that stress union incorporation and demobilisation.*

Introduction

Union-management “partnership” is receiving greater attention in UK employment practice and in the academic literature as growing numbers of unions and employers enter into formal agreements to build long-term relationships based on cooperation rather than adversarialism. Some institutions and commentators, including the Trades Union Congress (TUC), have advocated partnership as a beneficial and sustainable strategic choice for trade unions facing a hostile economic and institutional environment. Others have questioned the gains for unions or emphasised the dangers of co-option and erosion of institutional strength. Fierce debate within the union movement has paralleled the academic discussion in the UK and elsewhere (Claydon, 1998; Nissen, 1997; Boxall and Haynes, 1997).

Throughout the 1980s and 1990s, as elsewhere in the English-speaking world, UK trade unions faced concerted government and employer strategies aimed at decollectivising the workforce, compositional shifts within the labour market away from traditionally unionised sectors, and unfavourable product

The authors would like to thank Peter Boxall, Chris Brewster, Nick Bacon and Tony Elger for comments on earlier drafts of this paper, and the managers and trade union officers interviewed for their generous cooperation. The usual disclaimer applies. In addition, the support of the Department of Sociology, University of Warwick for Peter Haynes as a visiting fellow is acknowledged with gratitude.

and labour market conditions. Union membership and influence fell precipitately. Against this background, the “NewLabour” project, with its emphasis on stakeholding, may offer the opportunity to fashion a new mode of engagement that provides “a favourable industrial relations terrain, in which unions can regain the initiative and work to rebuild their institutional presence in British society” (Ackers and Payne, 1998; see also Boxall and Haynes, 1997). Or, as one full-time union official put it:

If you’ve had years and years of something that’s horrible, and something comes along that’s not quite so horrible, you support it. Partnership’s not so horrible because we use it as a code-word for recognition. It is an acknowledgement of the legitimacy of the other party. With partnership comes the rediscovery of pluralistic industrial relations (interview, 4 May, 1999).

At least one prominent business lobbyist, the President of the Confederation of British Industry, shares this view, albeit drawing radically different conclusions in warning against “a possibly damaging build up of trade union influence, hidden behind the new buzzword partnership” (CBI, 1999).

In addition to its broad appeal in the present context, various writers and advocates of union-management cooperation have noted a number of specific benefits to union members and to the institutional interests of unions. These include improved rewards and working conditions, more positive relations with supervisors, enhanced employee consultation and involvement, and greater job security (Bluestone and Bluestone, 1992; Cohen-Rosenthal and Burton, 1993; IPA, 1997; IRS, 1999; Kochan *et al.*, 1984; Kochan and Osterman, 1994; Lazes and Savage, 1997; Monks, 1998; Schuster, 1984).

Other writers have stressed the dangers and pitfalls for unions of cooperative relations with employers. These include duplicity or partial commitment by management, external shocks such as corporate takeovers and product market downturn, worker rejection of acquiescence and the possibility of work intensification (Black and Ackers, 1994; Claydon, 1998; Kelly, 1996; LRD, 1998; Taylor and Ramsay, 1998; Yates, 1992). Indeed, for some any such engagement is a fatal error. The incorporatist[1] argument is summed up succinctly by Parker and Slaughter’s (1997, p. 209) blanket assertion that employers “want a union-free environment, not cooperation with unions. Where they cannot (yet) get rid of unions they attempt to de-power and co-opt them.” In a similar vein, Kelly (1996, p. 88) argues that, “since 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”.

These two broadly categorised analyses differ critically in terms of the assumptions held about the motivations and responses of employers, workers and unions, and the internal and external dynamics of the process within which they are played out. Critically, the incorporatist view equates partnership with union weakness – the union is dependent on state or employer sponsorship – and posits demobilisation of membership in the face of quiescence and accommodation (see, for example, Kelly, 1996). In contrast, others are able to conceptualise a more complex interaction between employer and membership

relations and the union, and associate a robust partnership strategy with stronger union organisation and an independent agenda. In order to assist evaluation of “partnership unionism” as a beneficial and sustainable strategy for UK trade unions, this paper therefore aims to identify the determinants of successful union-management partnership relations by analysing the dynamics of the partnership process. Discussion is limited to the viability of partnership relations; a wider discussion of issues of union strategy is beyond the scope of the present paper.

If partnership as union strategy is to be usefully discussed, a robust and empirically grounded definition of the concept is necessary to clarify the terms of debate. This paper therefore attempts to identify and discuss the features of union-management partnership which distinguish it in practice from other forms of union-management cooperation; and use that distinction to develop a useful understanding of the concept.

Method

The analysis is illustrated by two case studies from the finance and retail sectors in the UK. The cases were chosen because they are leading cases in the service sector – and there is a continuing focus on manufacturing cases in the literature – and because they were not initiated at a time of crisis.

The case studies are based on semi-structured interviews with a range of union and management participants in the process of developing and maintaining partnership relations. In most cases the interviews were of 45-90 minutes in duration, tape recorded and transcribed, but in some cases notes were taken by hand. Union and employing organisation documents were analysed. One of the authors was involved in developing one of the case study agreements over several months, so we also draw on insights gleaned from participant observation of highly sensitive and confidential negotiations. In addition, interviews with a range of union officials and managers at all levels engaged in partnership relations apart from the cases presented are drawn upon, along with data from a variety of secondary data sources, including a review of the academic literature. Multiple methods are employed in order to overcome, as much as possible, the subjective nature of some of the data.

Defining partnership

Workplace “partnership” is not well defined in the literature. It has, for example, been associated with “single union” agreements (Kelly, 1996, pp. 86-7, 95-6) or, more commonly, taken to include participation in employee involvement programmes (e.g. Cooke, 1990). Guest and Peccei (1998) define partnership in terms of commitment to a set of principles which do not include recognition of autonomous worker representation. As with many industrial relations or management concepts that have developed through practice, it is subject to a diversity of interpretation and specification. Close examination of many putative “partnership” relationships also reveals widely varying levels of innovation and qualitative change. And naturally, its meaning shifts

depending on the particular interests being promoted or the purposes to which it is put.

“Partnership” in its general sense connotes having a share in an enterprise or relationship of some type, whether economic or social[2]. This, in turn, implies some degree of commitment to the enterprise over the medium or long term and some influence over its governance. A review of current definitions of workplace partnership (IDS, 1998; IPA, 1997; Monks, 1998; Mowatt, 1999) reveals an emphasis on mutual legitimation, commitment to cooperative processes and joint decision-making or consultation. There is usually a focus on business success, and a commitment to employment (but not necessarily “job”) security. The last of these, if included, usually implies worker cooperation in creating higher productivity and greater organisational flexibility. “Partnership”, then, is a loose label for an approach to union-management cooperation which in practice encompasses a wide range of variation around the common themes identified above.

Workplace partnership as discussed here can therefore only be understood in terms of its location within the legal, social, economic and political attitudes and institutions peculiar to contemporary Anglo-Saxon capitalism. UK partnership relations are voluntary; they are not buttressed or sustained by the institutional arrangements such as works councils, legislated bargaining agreements and tripartite forums prevalent elsewhere in western Europe (Reder and Ulman, 1993, pp. 25-38). While it has been argued that interest in partnership is informed by the “new ethical awareness” (Ackers and Payne, 1998, pp. 530-1), it is also true that present-day partnerships are formed under the shadow of alternative non-union approaches to employment relations designed to win the commitment of the workforce (Walton *et al.*, 1994). Further, they are forged in a period of intensified competition in the private sector, and financial and policy constraints in the public sector.

A new departure? Conflict and accommodation within the traditional model of UK industrial relations

UK industrial relations are conventionally characterised as a form of arms-length adversarialism. Leaving aside rhetorical or purely programmatic declarations, UK unions have not consistently questioned private ownership and the concomitant strategic prerogatives of management (compared with the French unions’ syndicalist tradition, for example). One might argue that UK unions’ priorities have concerned regulating levels of distribution rather than controlling the means of production. It is also commonly recognised that opposing interests have generally been reconciled through compromise and accommodation. The “adversarial” system therefore contains its own internal contradictions, arising from the limited objectives pursued by unions, and acting to temper much of the interaction between union and management in practice. As Hyman has noted, “Unions have (almost) always been content to seek the best available deal within the socio-economic order as it is . . . the complex interaction of class, politics and collective bargaining has often

attracted the title 'Labourism': an admixture of beliefs, institutions and practices which could enable remarkable displays of militancy and determination yet in effect proved *typically* defensive and hence accommodative" (Hyman, 1996, p. 66, emphasis added).

In particular, much of the give and take necessary to ensure the smooth operation of a strongly unionised shop floor or plant was and remains largely located in the workplace, largely informal in nature and "covert and *ad hoc*" (Tolliday and Zeitlin, 1991). Conflicts of interest have often been – and continue to be – resolved within a web of close personal relations between influential stewards or employee representatives and managers. Such relations are based on the exchange of certain kinds of information confidential to each side, "off the record" discussions, and a mutual commitment to protecting the relationship and the other party (Batstone *et al.*, 1977, pp. 168-9). They are built not only upon a broad balance of power between the individuals involved, but also mutual benefit over the long term, and a foundation of trust (Batstone *et al.*, 1977, pp. 171-2)[3].

An "alternative" tradition of overt and formalised union-management cooperation may also be discerned, stretching from the "common interest committees" of the nineteenth century, through Whitleyism, the joint production and advisory committees of the Second World War, and some of the productivity bargaining of the 1960s, to the revival in interest in joint consultation during the 1970s which has continued, albeit in declining degree, through to the present (McKersie and Hunter, 1973; Marchington, 1994). Occasionally, highly developed cooperative systems were established in individual cases. In the 1940s, for example, management and unions at the Glacier Metal Company created a joint consultation system based on consensus decision making. The aims were to improve productivity and secure "just conditions" for the workforce (Jaques, 1951).

At the national level, attempts to promote a role for the unions within a cooperative framework included the Mond-Turner talks of 1928-1929, and the TUC's advocacy of industrial democracy within a "social contract", which led to the Bullock Committee of Inquiry of 1975-1976. The Bullock Committee's model for union-management cooperation inevitably reflected the context within which it was created: trade union power was at its height, trade unions were at the centre of the industrial democracy movement (although support was far from unanimous), and corporatism in the form of the social contract had yet to be discredited (Elliott, 1984). Thus, industrial democracy was to be supported by statute and the participation of the workforce in corporate governance was to take the form of union representation at board level (Elliott, 1984).

The more recent "employee involvement" (EI) techniques of the 1980s and 1990s are more easily distinguished from contemporary workplace partnership, on the other hand. Although taking a multiplicity of forms, EI is characteristically management initiated, stresses direct communications with individual employees or groups of employees outside union-management channels, and is focused pre-eminently on the business agenda (Ackers *et al.*,

1992, p. 272; Elliot, 1984, p. 295). It therefore differs in important fundamental respects from the robust mode of partnership defined below, which is based on mutual legitimation of interests and includes an expanded role for unions in the organisational decision-making process.

“Partnership” as a particular mode of union-management cooperation therefore contains central elements in common with a series of historical initiatives promoting union-management cooperation on a formal basis, whether at workplace, enterprise or national level. These may be seen as constituting a tradition, albeit not the mainstream tradition in UK industrial relations. At the same time, informal patterns of cooperative engagement, based on mutual trust and respect, characterised many workplaces within the mainstream of “adversarial” industrial relations. The current notion of workplace partnership should be seen as the latest incarnation of the former tradition, but also as consistent with the less formal patterns of engagement. Having recognised these continuities, we must underline the important differences between partnership and earlier forms of union-management cooperation, principally given the current context of historically low levels of union membership, bargaining leverage and political influence.

Case study one: MSF and Legal & General

A FTSE 100 company, Legal & General is one of the UK’s largest financial services companies. It employs about 8,000 people, of whom around 6,000 are employed in the UK. Traditionally a conservative organisation, the company has during the 1990s successfully pursued an innovation-led market strategy, based on competitively priced retail financial products. Between 1995 and 1998, individual new business and funds under management increased by nearly 150 per cent and over 140 per cent respectively (Legal & General, 1998). A notable feature of the company’s culture is an emphasis on “social responsibility”. Legal & General donates at least 0.5 per cent of UK profit to charities and other non-profit activities and highlights its socially responsible activities in its annual reports (see, for example, Legal and General, 1998, pp. 3, 24-7).

The nature of union-management relations prior to the partnership agreement

Historically, union-management relations at Legal & General were based on pragmatic acceptance and limited forms of engagement. The company recognised ASTMS in 1979, believing that unionisation was inevitable for a large organisation. In fact, for some years the company encouraged employees, including managers, to belong to the union, in order to ensure that the membership was representative of the workforce as a whole[4]. Relations in the 1980s between company and union are recalled by both parties as good, though only in the context of the period. At times disagreements were “aggressive”, and the language exchanged around the negotiating table “torrid”. There were two strikes in 1987, in this least strike-prone of industries. Apart from annual pay bargaining, interaction between union and management was largely limited to disciplinary cases and grievance handling.

At enterprise level, the union leaders focused on workplace issues of immediate concern to the membership. They avoided being drawn into the battles being fought in the wider political arena of the late 1970s and early 1980s. In this respect the union conformed closely to the pattern of isolation from, and consequently low membership involvement in, wider union politics, which characterised the union during this period (Carter, 1986, p. 142; 1997, p. 12). Carter (1986, p. 142) observed of this period that the concentration of the ASTMS membership into workplace-based groups was a distinctive feature of the union's structure and had the consequence of reinforcing a narrow and instrumental commitment to trade unionism amongst the membership.

By the mid-1990s both management and many of the key union activists had come to see that there was "little point in the mutually antagonistic posturing" (interview with union official, 11 May 1999) that marked company-union relations. As one union official explained:

If we look at it now it was fairly horrific really, because you would have ballots for industrial action, which greatly weakened the union, because what would happen is, typically, the cycle of pay bargaining would be a yearly thing, free collective bargaining, the union going in with something unrealistic. But to be fair to the union we didn't know what the company could afford because they didn't open the books to us like they do now, so you could only measure it in terms of inflation, outside factors, rather than internal factors. The management would come back with something fairly derisory, they wouldn't meet in the middle, they'd meet further towards management's original derisory offer. We would ballot, on the basis of a yes and no, and the membership would reject management's offer and we would then ballot for industrial action and the membership would reject industrial action . . . I could see all this and I knew it was stupid. I knew that it was a matter of posturing on both sides and that if the unions were ever going to move forward . . . It was just pointless, a waste of money, waste of time (interview, 7 March, 1999.)

Key seconded and full-time union officers were concerned that the union had positioned itself as a "once-a-year concern" perceived by many members to be unable to influence changes in staffing levels and work organisation implemented by management, and that membership was beginning to decline as a result.

For its part management had been concerned at the lack of communication with employees and that "procedures agreed with the union 15 or 20 years ago may have prevented necessary decisions being taken as quickly as needed during a time of rapid change within the industry" (interview with manager, 24 May, 1999). A senior manager closely involved with the partnership initiative noted that, "to manage change and go forward we needed to improve communication with staff and get them to understand the rationale for change" (IRS, 1998, p. 13). An integral part of this was the replacement of "the old-style adversarial system of industrial relations" with a collaborative management approach and organisational values based on "trust and mutual respect by each party for the other's contribution to employee relations" (IRS, 1998, p. 12). As one union official put it, the new HRM approach to personnel management could not be put "into the old procrustean bed" (interview, 11 May, 1999).

The change process and the partnership agreement

In 1996, senior management reviewed a complete range of options for structuring its relations with its employees so as to improve the company's ability to respond to changes in its environment. These included derecognition, recognising a staff association, recognising another union or recognising no union at all. The option of derecognition was quickly discarded:

There was no question of MSF not being part of the company's plans for the future ... In actual fact the company wanted the union more involved in the business, not less (interview with manager, 24 May, 1999.)

Management and union agreed to set up a joint working party in June 1996 to identify areas of common ground and to develop the broad principles and objectives of the new relationship. The Partnership Agreement was concluded in April 1997 (see Appendix 1 for the text of the agreement). It incorporates the common characteristics of workplace partnership as identified above:

- differing interests are "recognised and respected" and MSF's right to represent its members is recognised, as well as "management's right and duty to manage" (mutual legitimation);
- conflicts are to be avoided (cooperative processes); and
- there is to be full and early participation in decision making (joint decision making or consultation).

Although an objective is to "work together to further the success of the business by enabling a flexible approach", specific reference to job security is only made in an Annex on "operation of the agreement".

Concerns which had been expressed by some managers that partnership would unduly restrict management's ability to take decisions are reflected in the reference to management's right and duty to manage. Importantly for the union there is a commitment by management "to support MSF's recruitment efforts, where appropriate". As well as extending its role in the decision-making process, the union's concerns to achieve fairness and equity in the treatment of staff and to eliminate discriminatory working practices are addressed.

The agreement operates under the oversight of a Joint Employment Policy Forum (JEPF), on which the parties have equal representation. It meets twice yearly to "discuss matters of broad policy", including business results and strategy, rewards strategy, training and development/employability, and so on. Joint forums may be set up by the "operational entities" or business units covered by the agreement. Overall, however, the emphasis is on process: "The key thing is that partnership is about process" (interview with union official, 11 May 1999). Valuable outcomes are expected to follow from improvements in process. Importantly, traditional distributive bargaining over pay is not deemed an acceptable approach. Instead, in order to "jointly arrive" at an agreed position, the provision of appropriate market information is required. Nonetheless "intense debates" continue (Digby Jacks, Presentation to Partners in Progress Conference, 24 May, 1999).

Impacts of the partnership process on MSF's effectiveness

Both company and union report positive benefits from partnership. During 1997-1998 the partners "jointly managed" initiatives designed to introduce a more customer-focused approach. These included more diverse opening hours to reflect consumer demand, flexible working and greater discretion for staff in some areas. The two parties are also concerned to move line managers and staff away from a culture of "presenteeism" towards a focus on outputs. Progress towards this goal is reported to be slow.

Both parties also see career development as a core element of their partnership. The company wants staff members to be involved as representatives, recognising that "involvement in decision making and the exposure to the company's operating processes and structures and business pressures provides valuable experience that no training course can" (interview with manager, 24 May, 1999). To this end the company is funding a training and development manager, solely responsible for developing the skills of the 80 or so union representatives to enable them to perform effectively in this role.

An important early outcome was an accord on a "learning organisation". Training and development policy was "overhauled" as a result, and the training budget increased by 50 per cent in 1997. Line managers are increasingly expected to take responsibility for employee development, which is now meant to be integrated into the appraisal system. A joint "Charter of Employee Rights and Responsibilities" is being developed in conjunction with the move to a "learning organisation". Another early project of significance was a review of flexitime arrangements. Increased potential for flexible working is believed by the union to benefit working mothers, those suffering bereavement, and so on. Other policies jointly developed include whistle-blowing, anti-harrassment and equal opportunities policies.

Generally, management is reported as being more "open and inclusive" in its dealings with the union. The union, for example, made a presentation to executive management in 1999 on senior management restructuring. When the closure of an office in the Midlands was decided, the union was invited to jointly manage the personnel issues. Nonetheless, it is acknowledged that some line managers are reluctant to alter their approach to unions. Management are conducting a continuing programme of workshops and publicity in order to increase acceptance by local managers.

Union membership levels and activist numbers have increased since the advent of partnership. Prior to this, recognition was confined to the two large centres and the sales offices in the life and pensions business, but not to newer centres or other areas of business such as the estate agencies. Increases in membership are therefore partly due to the increase in total UK staff numbers of 25 per cent over the period, and also the ability to recruit in areas to which the union had previously been denied access. Recruitment rates have improved markedly in both the newly accessible and traditional sites. Overall, membership increased in the first four months of 1999 by 12.4 per cent. The

numbers of union representatives of various types have increased, quadrupling in one new call centre site over the past year.

Nonetheless, some scepticism has been expressed about partnership:

... some, one or two, were coming back with, "Well, hang on a minute, are the membership going to perceive this as selling them down the river." ... I remember getting something from three (union representatives) that said, "MSF is in bed with Legal & General management and the partnership agreement is the result of pillow talk" (interview, 7 March, 1999).

Many if not most of the representatives were characterised as "wary" at the outset, with only a "very small minority" opposed. Difficulties in demonstrating the union's achievements to members were stressed:

The problem is that the members don't see what the reps do. It's difficult to get across (interview, 7 May, 1999).

And that's the fundamental of the partnership agreement. It's to thrash everything out before we all make a mistake and have to go back. But to the average member of the union, they're thinking, "Well, I'm not seeing exactly what MSF are doing. At least I could see MSF getting in there and changing something (before)." But of course we're in there right at the beginning (interview, 7 March, 1999).

This difficulty merely underscored the importance of membership engagement with the union, however. The same respondent continued:

And that makes your communication fifty times more important than it ever was. You have got to keep on and on telling the membership what you're doing, what the successes are, where you're adding value. Because it just isn't visible any more.

... we are expecting more of the membership. We are expecting them to tell us what they want the union to do for them, you know, not whisper things in corridors, but actually communicate. What they expect us to get involved in, and consequently we have a conversation, and maybe we already do it and that means we have to communicate it better. Or, "oops, we're not doing that, yes we will". So we expect more of that, no question about it. Much more in terms of participation all the time, rather than putting an "x" in a ballot box once a year. Which is the limit of what they used to do.

The union's leadership has realised that the partnership relationship requires a higher standard of communication and involvement within the union. Communication with the membership is focused on a 12-page monthly newsletter distributed to all union members within the company, and *ad hoc* communications on issues of importance. Extensive use is made of the internal electronic mail system to communicate with the network of union representatives. Workshops have replaced "motion-based conferences". Ideas are contributed directly from individual members and debated. Action plans are drawn up.

Case study two: USDAW and Tesco

After many years of above average growth in a fast expanding sector, Tesco in 1995 became the largest food retailer in the UK in terms of market share. During the 1980s the group had successfully rid itself of its "stack 'em high, sell 'em cheap" image. For Tesco Stores Ltd, pre-tax profit in the year ended

28 February 1998 totalled £639 million, turnover £14,515 million and net worth £1,999 million (Tesco, 1998). The company employed 158,484 people (Tesco, 1998), of whom 70 per cent were female and 65 per cent part time.

The nature of union-management relations prior to the partnership agreement

Despite its success, Tesco management believed that a “step-change” in the company’s employee relations was required. The company had made major changes to its labour management policies and practices, beginning in the late 1980s. These were designed to support a programme of “culture change”. High levels of staff turnover, relatively low pay and conditions and directive management style were considered to be inconsistent with achieving the enhanced levels of service necessary to secure the company’s competitive strategy. Reforms included major changes to in-store performance indicators, providing training focused on altering managerial behaviours, delaying store level management structures and decentralising employee relations to local level. Terms and conditions were improved to the point where Tesco came to be regarded as an industry leader in this respect by the union of shop, distributive and allied workers (USDAW) officials. Turnover dropped significantly, from around 75 per cent in 1987 to 40 per cent in 1994. During 1992, a programme called “First Class Service” was introduced. The desired process at the core of the company’s labour management is often expressed as a “virtuous circle” by Tesco management; staff’s perceptions of fair treatment by management are reflected in how they treat the customers, on whom the company’s fortunes depend.

By 1995, however, poor communications with staff and the existing employment relations structures and processes were held to be impeding the employee commitment considered essential to effect the changes and customer service levels desired. The company had long maintained a sole recognition agreement with USDAW for its entire retail operation. In fact, it had encouraged staff “not only to continue their association with the trade union, but to play an active part in its activities” (Marchington and Harrison, 1991, p. 295). The relationship had been largely confined to the annual negotiation of the Retail Agreement – described as “ritualised” by both management and union respondents – and to disciplinary and grievance representation at local level. Management felt that the traditional structures and processes, and the annual pay negotiations in particular, were outdated, unrepresentative and unsuited to the rapidly changing operating climate. Dissatisfaction was brought to a head by the debate over Sunday trading, during which management perceived union policy on issues of critical importance to the company to be determined by members in other companies and sectors. At the same time management wished to consult more closely with staff and were not prepared to channel communications solely through the union.

The nature of the further employment relations changes to be introduced were debated between 1995 and 1998 by senior management up to board level. In respect of relations with the union, the full range of options was considered,

including derecognition, recognition for individual representation only, the status quo, a staff association and the partnership approach. Key factors weighed up included the consequences of derecognition and likelihood of unions considered less desirable recruiting staff. More positively, the union provided an independent voice for staff, frequently functioned as management's "conscience", served to legitimise often painful changes and helped promote the company's interests in local and national political forums. Tesco also recognised the likelihood of a Labour government and the resulting prospect of union recognition legislation and further legal requirements for workforce consultation at a time when "social partnership" was gaining political salience.

USDAW was similarly dissatisfied with the representation process in Tesco, particularly with the narrow scope of union influence and the after-the-event nature of consultation which union representatives felt frequently presented them with *fait accompli* rather than genuine consultation. During the late 1980s and 1990s, a period of major change in the retail sector, radical changes to operations (such as the introduction of new checkout technology) had been made with little reference to the union. Frequently stewards at regional level or regional officers would seek to clarify the consistency of such developments with the Retail Agreement, but it would be the first the National Officer had heard of the developments. The union's role in the six monthly meetings of the National Committee with management was largely reactive, serving to register complaints about actions that had already been taken. Workplace representatives' dissatisfaction often took the form of letters to regional and national officers. Significantly, Bill Connor, a senior official with extensive experience and intimate knowledge of USDAW-Tesco relations, was elected General Secretary in 1997. Connor had risen from the union's Left and, while he had a sophisticated understanding of partnership and enjoyed good relations with Lesley James, Tesco's HR director, his recent hands-on experience of aggressive US union organising confirmed his commitment to an independent union agenda.

The change process and the partnership agreement

Tesco and USDAW met at Cranfield University in September/October 1997. Prior to the discussions, the USDAW National Committee of Tesco shop stewards approved a total review of the relationship, despite the reservations of some committee members. Three members of the National Committee participated in the Cranfield discussions. During the seven days of discussions the Usdaw team reported back in general terms to a meeting in Birmingham of the 96 regional committee members. The meeting overwhelmingly endorsed the approach taken. Some "broad left" stewards voiced opposition and organised a demonstration outside the meeting, said to be comprised largely of members employed by other organizations and non-members. One of the participants recalled, "Lots of people said, 'You're in Tesco's pocket and they're pulling the strings', and similar things."

The discussions at Cranfield were characterised by the participants as often heated. Tesco management challenged USDAW to demonstrate what value they were able to “add to the business”, and raised the possibility of proceeding without the union. The most difficult issue to be resolved was Tesco management’s insistence on changing the pay negotiation process to replace the ballot of members with ratification by regional forums. On the other hand, the union was insistent that a shared commitment to recruiting was consistent with partnership.

The discussions became more hard-edged as both parties considered how the relationship added value to the business. While emphases between management and union responses differed, general agreement emerged around several aspects of the relationship that generated mutual gains. Specifically, Usdaw representatives identified issues of concern to employees before they became formal grievances, acting as an early-warning system, thus saving time and resources exhausted once formal procedures were invoked. While Tesco recognised the union’s role as management’s conscience on employee-related matters, the union perceived itself more as an essential countervailing power with the necessary independence, resources, and confidence (less likely to be found in non-union varieties of employee involvement or empowerment) to tell management when they were wrong.

Both of these positions, along with the desired improvements in representative processes, found expression in the terms of the Partnership Agreement (see Appendix 2 for the first section of the Partnership Agreement). The agreement’s “nine pillars of partnership” also reflect joint concerns with the need for: employment relations processes to support rapid change; communication with all staff, improved quality of representation; joint problem solving rather than adversarial dispute resolution; input to secure improved policy implementation; and greater emphasis on culture and values. Regular consultation and joint problem solving takes place through a hierarchy of forums at store, regional and national levels. Any staff member may be elected to a store forum (although one place is reserved for an USDAW representative), but only USDAW members may be elected to forums at higher levels. The company reserves the right to take decisions affecting the business, USDAW having a major say in managing the impact of changes (IRS, 1998, p. 29).

Following the Cranfield discussions, the new partnership agreement was launched at two meetings in London in March 1998. One USDAW representative (formerly called a shop steward) from each store attended as well as store managers. Local USDAW meetings took place during the week commencing 16 March, and beginning on 23 March store briefings were jointly delivered by representatives and store managers. All staff were able to attend these meetings and received a jointly produced eight-page booklet entitled *Working Together Better: A Real Partnership*. USDAW members voted on the partnership agreement in a ballot held 23 March-18 April. A large majority of members voting endorsed the agreement: 33,229 to 8,102.

Impacts of the partnership process on USDAW's effectiveness

During the period of store briefings, membership increased by around 1,500. Union officials report no evidence of significant numbers of members leaving because of the agreement. Since the agreement was launched membership has risen from 78,000 to 97,500, increasing density within the expanding work force from 51 per cent to 58 per cent. At the same time the number of representatives has increased from 1,000 to 1,200.

Having trialled and piloted forums in a limited number of stores (four) during 1997-1998, store forums were held in all stores in March 1999. The first regional forums were held during April and the second during June 1999. The first National Forum took place during April 1999. Discussions at store and regional forums range widely over issues of policy or operating procedure. To date most of the issues raised have been in the main concerns from the shop floor, with some constructive suggestions. The following examples from a regional forum illustrate this:

- What about a good rise this year?
- When we open a new store do we automatically close small stores in the same team?
- Why are we offering more “3 for 2” offers than “2 for 1” offers?
- Can we put a VAT button on tills/customer service desk?

Management and union respondents described the consultative procedures as successful, in terms of the enthusiasm of the participants, the resolution of issues of concern and the quality of the input. It is recognised that a minority of USDAW representatives and store-level managers have not fully “bought in”, but both parties acknowledge that the trust-building process is a gradual process. While not all of the parties’ expectations have been met, both parties remained optimistic about the partnership venture at the time of writing (June, 1999). With reviews planned by both parties, and a clause in the Partnership Agreement allowing for termination of the agreement with notice, continued progress towards a genuinely joint, mutual gains approach will be critical.

The internal dynamics of partnership relations

Attempts to model partnership relations must begin with an understanding of the basis of the parties’ engagement. Cooke (1990), provides a theoretical framework to guide analysis of decisions to participate in and maintain cooperative relations. Generally, the participation of all parties is contingent on their expectations being met (as perceived by the parties themselves) in such a way that the benefits of participation outweigh the costs relative to alternative approaches. The experience represented in the cases outlined is entirely consistent with this model of behaviour. In both cases, management debated the alternative courses available prior to entering into partnership. Management reviewed existing approaches relative to alternative approaches such as staff associations and derecognition, before determining that

partnership offered the greatest net benefit for at least the time being. For the unions the choice was more limited and the outcome more straightforward, given the existing dissatisfaction with the “returns” from the traditional approaches. In one case (Tesco), the ongoing nature of this process is particularly clear, with managerial and joint reviews of the partnership experience planned. It is also clear that environmental, organisational and ideological factors may influence or constrain the decision-making process.

Within this model of engagement, unless both parties have the power to impose important sanctions, the more powerful of the parties to partnership relations will have few incentives not to pursue an alternative course of action. However, partnership need not be underpinned by equivalence of power. One party with inferior power resources at its disposal may be able to influence the other party’s calculation of benefits against costs by applying a sanction while at the same time holding out benefits from cooperation.

In the current context many unions derive much of their power from their ability to enhance the involvement of the workforce in the enterprise, or at least to ensure their compliance with change. Conversely, the possible disruption that might arise from any attempt to marginalise or displace the union inhibits such behaviour in the current competitive climate. Major retail chains, for example, are highly vulnerable to industrial action in their distribution operations that quickly damage a complex and delicate supply chain, increasingly based on just-in-time principles. Its heavily unionised distribution business remains characterised by adversarial employment relations[5]. In the service sector in particular, competition is increasingly on the basis of service offered, notably a key factor in the success of the two case organisations. Consistent with this, factors found in the cases outlined to influence management in adopting a partnership strategy included recognition that previous attempts at direct employee involvement had been of limited success in securing the commitment of the workforce. Similarly, union-management partnerships are held to ensure fair management practices, seen as an important part of a “virtuous circle” linking employee performance in the service encounter with management style. One manager summed up the “virtuous circle” more widely known as the service-profit chain – as “they [the employees] serve how we manage”[6]. Other important factors included the likelihood of union-friendly law reforms. The case employers believed that if they had been neither inclined nor able to derecognize the union prior to the change of government in 1997, they were less likely to be inclined or able to do so afterwards.

The unions studied were strongly motivated by the opportunity to expand the role of union. In particular, they sought early influence over critical decisions during radical organisational change, recognising that their role could not be expanded simply along adversarial lines (Terry, 1994; Boxall and Haynes, 1997). In the service sector cases studied, dissatisfaction with the restricted role allowed under the traditional *modus operandi* was widespread. As one of the union respondents described it:

When I first became involved with [company X] the expectation of me was that I would rant and rave at management, sort of like Arthur Scargill, as a surrogate for member militancy. This was b*****s and since then I have been working for a new relationship with this business (interview, 11 May, 1999).

Given the joint interest in organisational change – one party seeking to facilitate change and the other to influence it – union-management partnerships are closely associated with efforts to improve organisational performance, especially through the fundamental reorganisation of work practices (Peterson and Tracy, 1992; Nissen, 1997). In the two cases examined the parties demonstrated a degree of complementarity of interest in change. Management respondents recognised the need for greater employee acceptance of change and the union respondents the opportunity to influence both the process and outcomes.

Clearly, the expectations of the parties are critical. They limit the other party's room to manoeuvre, while disappointed expectations, particularly of the other party's behaviour, may result in withdrawal from cooperation (Hammer and Stern, 1986). The critical clash of expectations in union-management partnership revolves around the scope for the union to pursue those of its members' interests that it identifies as important but which are not necessarily reconcilable with those of the employer, as identified by management, and vice versa.

Conflict is not eliminated by engaging in partnership relations (Woodworth and Meek, 1995; Cohen-Rosenthal and Burton, 1993). In both of the cases outlined, conflict continued within the partnership relationship, even over putative "mutual gains" issues such as training and development.

The scope allowed the union by management depends crucially on the latter's underlying frame of reference (Fox, 1974) and/or motivations. Elements of a "unitarist" frame of reference may endure within management ranks. Some diversity of attitude concerning key issues such as the role of the union will inevitably be present within the HR management cadre (Brewster and Richbell, 1983), and individual managers will often hold internally inconsistent views about such issues. Amongst the managers interviewed for the present study, for example, one stated that, "everyone has a right to join a trade union", but noted at another point:

And I believed that the union had a role to play . . . you know, legitimising some of the things we have to do sometimes (interview, 1 June 1999).

In this vein, Kochan *et al.* (1994) found a "curious inconsistency" within the dominant management value system in the USA: "unions are an essential part of the democratic fabric of society, but they are not necessarily desirable or acceptable 'in my firm or on my property'" (Kochan, 1994, p. 15; see also Kochan and Osterman, 1994). Nor does a pluralist institutional framework ensure wide scope in interest representation. Scott (1994, pp. 71-95) described the processes by which a traditional union-management relationship was managed so as to "incorporate" the steward organisation. Having structured the relationship at

enterprise level in such a way as to disempower and divide the shop stewards, management was able to manipulate collective bargaining so as to secure high levels of workforce productivity and cooperation whilst introducing radical changes at little cost.

Examples from the cases studied highlight the problems of this nature amongst line and branch managers in large organisations. Recognition of the opportunity union-management cooperation represents to secure worker acquiescence may not sustain partnership relations if management retains a unitarist perspective.

Similarly, on the union side partnership is not necessarily consistent with competing mainstream traditions in the UK, despite the exceptions noted above. The process is subject to political challenge from within. This is graphically illustrated by the response of a delegate to a report to the 1998 USDAW Annual Delegate Meeting outlining a “social partnership strategy”: “We have had to fight for what we have got. (Applause) . . . We have been on the cobbles for it. That is how it has had to be” (USDAW, 1998, p. 116).

However, the informants noted that the expectations of union members had altered over the past 20 years. While there is a critical gap in our knowledge about the responses of union members to partnership, the significant increases in numbers of members and stewards reported in the cases studied suggest that workers prefer a generally cooperative, but not acquiescent, relationship between their representatives and their employers, as has been suggested elsewhere (Peetz, 1998; Freeman and Rogers, 1999)[7].

External threats

External pressures also pose threats to partnership. Partnership initiatives often result from an external stimulus and are therefore often implemented within a legacy of mistrust and antagonistic relations (Kochan and Dyer, 1976; Walton *et al.*, 1994; Cutcher-Gershenfeld *et al.*, 1995). The pressures associated with declining industries or rapidly changing technologies also throw the divergence of interest between capital’s desire to increase or maintain rate of return on capital and labour’s desire for job security into particularly sharp relief. Maintaining a partnership relationship is more difficult in a context of radical organisational change (Marks *et al.*, 1998). However, even in successful organisations in expanding sectors these conflicts of interest may imperil partnership relations where there is a change of senior management or pressure is felt at board level from institutional investors or financial analysts. The short-termism of Anglo-American financial markets may yet prove inimical to workplace partnership.

Similarly, the nature of corporate governance and vulnerability of firms to takeover means that a board or new owners can undermine or threaten entrenched partnership agreements. The absence of any entrenched institutional representation of employee interests through continental European style works councils or codetermination, for example, is also a concern. One union official described the “collective sigh of relief” when anti-

union US retailer Wal-Mart acquired Asda after Tesco had been rumoured to be a target. Whether it was Tesco management's intention or not is unclear, but at least one senior manager felt that the partnership's enhancement and consolidation of the union's position represents "too much of a poison pill" to swallow for such an ideologically anti-union firm as Wal-Mart.

Conclusion

Unions and management in both of the flagship cases studied adopted a "rational calculus" of benefits and costs in determining whether to embark on partnership relations. Although the decision was not unanimously accepted in both firms and both unions, this calculation underlies the continuing engagement of the parties within the partnership framework. Thus positive outcomes in terms of the parties' own objectives have seen them continue with partnership in the early stages. The parties have attempted to formalise the terms of the engagement by setting out the guiding principles and establishing structures to deal with the inevitable tensions which arise in practice. Nevertheless, experience elsewhere suggests that the relationship remains vulnerable to external shocks and to poorly specified or matched expectations and motivations.

The analysis above helps to identify three elements necessary for enduring union-management partnership. First, there must be mutual legitimation of sometimes differing interests. Anything less will result in the party not recognising the legitimacy of the other party – in the present context usually the employer party – behaving in such a way as to excessively delimit the other party's opportunities to participate and benefit from the relationship. Successful development and maintenance of partnership relations therefore depend on the retention of an independent union agenda which, while recognising strategic business needs, does not discount or neglect the needs of the membership (see also Banks and Metzgar, 1989; Lazes and Savage, 1997). This in turn requires recognition by management of the autonomous role of the union and the inevitability of some degree of conflict over diverging interests (Miller *et al.*, 1997). Seen in this light, partnership unionism represents not so much a bipolar movement from adversarialism to cooperation, but a movement from cooperation within an adversarial context to constrained conflict within a cooperative framework.

Second, the parties' expectations about roles and behaviour must be clearly defined (see also Woodworth and Meek, 1994, p. 88). By its very nature, partnership requires higher levels of trust, but trust may be impaired by unexpected or unwitting behaviour.

Third, union leaders and members, along with managers, must experience cooperative practices as mutually beneficial. This implies an expanded role for unions, not unduly restricted by insistence on managerial prerogative. In the present context this often takes the form of union involvement in strategic management, but at the very least it entails the opportunity to influence decisions at an early stage, as in the cases studied above. (Writing in the US

context, Gray *et al.* (1999) distinguish between “full” and “extensive” partnership on the basis of participation in strategic decision making. On this basis, neither of the case study partnerships would yet qualify as “full partnership”.)

Returning to the broader debate, this analysis implies union-management partnership can be compatible with strong union organisation. Indeed, recognizing the nature of the parties’ engagement in partnership relations, strong organisation is essential to successful partnership unionism. It is through creating both an opportunity and a threat that the union is able to bias the net benefits of alternative courses of action for the employer party towards partnership (see also Boxall and Haynes, 1997, p. 579). This preliminary analysis therefore suggests that unions should continue to explore partnership unionism providing the conditions identified above are secured. This conclusion is inconsistent with accounts that seek to portray partnership unionism as necessarily quiescent and subordinate, and leading inevitably to demobilisation.

Notes

1. Term used by Cressey and MacInnes (1980, p. 6) to describe an approach which “rejects at a general level any industrial democracy scheme as incorporatist, whilst at the same time emphasising the need for strong shop floor unionism and aggressive collective bargaining.”
2. The first meaning of the word “partner” listed in the *Shorter Oxford English Dictionary* (3rd ed.) is, “One who has a share or part with another or others.”
3. See also Turner *et al.* (1967, pp. 205-16). In the contemporary context, see also Brown (1998, p. 22), who found that, “A strong shop steward was often reported as taking the lead in manoeuvring through a succession of changes. Some managers felt that the dramatic changes of recent years could not have been achieved without union co-operation.”
4. The Association of Scientific, Technical and Managerial Staff (ASTMS) merged with the Technical and Supervisory Staff (TASS) union in 1988 to form a new union, Manufacturing, Science and Finance (MSF).
5. It should be noted that the Tesco-USDAW Partnership Agreement covers the retail division only.
6. A recent study demonstrates a statistical link between employee commitment, customer satisfaction and increasing sales (Barber *et al.*, 1999).
7. See also Thomas and Wallis (1998) for another UK case study showing growing acceptance over time of partnership by the workforce.

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Appendix 1. New Partnership Agreement Between Legal & General Group plc and MSF

The agreement

This new agreement between Legal & General and MSF, which replaces all old agreements, signals a maturing of employee relations in the company. It recognises that a fast changing world of challenge and competition requires us to set a new tone in our approach to managing the business.

Legal & General and MSF both accept that future success depends on a profitable business and the key to this is the commitment and involvement of the staff.

The Agreement builds on the best aspects of our relationship and it depends on mutual trust. It is based on our commitment to the objectives, principles and practice set out below.

Objectives

- (1) To work together to further the success of the business by enabling a flexible approach in a time of rapid and continuous change.

- (2) To work together in a spirit of mutual confidence, partnership and co-operation, both formally and informally.
- (3) To achieve fairness and equality in the treatment of staff, including transparent pay systems, contractual provisions that encourage equal treatment regardless of age, creed, disability, race or sex, and access to good vocational training and career development.

Principles and practices

- (1) Each side recognises and respects the other's different and shared interests.
- (2) Both sides seek to avoid conflict which will result in damage to the business.
- (3) MSF recognises management's right and duty to manage.
- (4) Management recognises MSF's right to represent its members across a range of issues including those listed below:
 - Benefits
 - Equal opportunities
 - Grievance and discipline
 - Health & safety
 - Pay
 - Terms and conditions
- (5) Training and development policy and employability
- (6) Management undertakes to support MSF's recruitment efforts, where appropriate.
- (7) The relationship should be based on shared information and open access to information and full and early participation in the decision-making process in areas of shared interest.
- (8) Not only will the minimum requirements of law be adhered to but also the spirit of social legislation.
- (9) Respecting confidentiality and sensitivity of information is paramount.
- (10) Unresolved conflict is a sign of mutual failure.
- (11) The agreement can be terminated by either side by giving six months notice.

Appendix 2. Tesco-USDAW Partnership Agreement: The Partnership Commitment

Tesco and USDAW jointly believe that Tesco must have the capacity to change, to change rapidly and to continue to change in order to maintain Tesco's position as the No. 1 retailer in the UK.

At the same time Tesco and USDAW also jointly believe that:

- continuous change and its consequences for Tesco's work force will need actively to be managed;
- all employees have a rightful interest and role in the management of change and in the terms and conditions, the quality and the security of their employment with Tesco; and
- USDAW recruitment and organisation of all Tesco retail employees up to and including section managers is the single most important means of representing employees' interests effectively.

The partnership between Tesco and USDAW is, therefore, dedicated to managing change effectively, recognising the integral role of USDAW as the sole, independent trade union representing the needs and interests of Tesco retail employees.

The “pillars of partnership”

To ensure the success of the partnership, Tesco and USDAW are committed to certain shared goals. They are known as the “pillars of partnership” and are identified below:

- *Effective representation.* The views and opinions of all USDAW members are important and should be respected and considered.
- *Quality training.* USDAW representatives should be highly skilled, knowledgeable and well trained.
- *Genuine consultation.* Tesco and USDAW should work together to drive the business forward and manage change by joint decision making.
- *Understanding issues better.* The changing needs and views of Usdaw members should be properly understood by both USDAW and Tesco and addressed actively and constructively.
- *Reliable communication.* USDAW members should be given regular information about developments in Tesco and have the opportunity to respond.
- *Sharp business focus.* USDAW representatives and officials should understand Tesco’s No. 1 position and the constant change required to maintain it.
- *Building external influence.* Tesco and USDAW should work together to ensure a positive view of Tesco and the Tesco/USDAW partnership from outside the business.
- *Sharing values and culture.* Tesco and USDAW values and culture should jointly underpin the partnership.
- *Having a conscience.* The Tesco business and its people should have a conscience.

Delivering on partnership

To deliver effectively on partnership, Tesco and USDAW believe building and maintaining the maximum level of USDAW membership amongst Tesco people is essential.

To that end, Tesco recognises that USDAW is the sole, appropriate representative body for all grades of retail staff up to and including section managers. Tesco and Usdaw have also agreed that:

- Usdaw will grant membership, subject to USDAW’s rules, to all employees covered by the Partnership who will be freely recruited by Tesco.
- Tesco undertakes at the recruitment stage and subsequently to encourage and persuade all employees within the scope of the Partnership to become and remain fully paid-up members of USDAW throughout the period of their employment with Tesco.
- Tesco agrees that USDAW contributions will be collected by the centralised deduction of contributions through the payroll. Such contributions will be deducted only when any employee has given written authority.

All joint Tesco and USDAW structures, procedures, facilities and dialogue are dedicated to delivering on the partnership, its principles and its goals.

Tesco and USDAW agree to apply, monitor and develop all the following features of the partnership in the spirit of the partnership.