



TUC partnership institute

partners for progress

winning at work

participation

mutual gain

success

security





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Foreword by John Monks, TUC General Secretary

“...Britain works best when unions and employers work together”

Rt Hon Tony Blair MP, *Partners for Progress: New Unionism in the Workplace*, May 1999.



There is increasing evidence that partnership delivers. For employees it provides greater job security in satisfying, good quality jobs with access to training and influence over work organisation. For employers the benefits include better quality decision-making and outcomes, achieved by involving the whole workforce. A reduction in the amount of time spent on grievances and a more committed staff with a flexible approach to work.

The benefits are clear which is why the TUC is working so hard to promote understanding of what partnership can offer and why I am so pleased that this document is being published to coincide with the launch of the TUC's Partnership Institute. The Institute will work directly with employers, unions and employees to develop partnerships and help to disseminate best practice.

This document shows why and how the organisations featured have put partnership into practice. The case studies included were all featured in a series of regional conferences that the TUC held and demonstrate that there are partnership organisations in every region and every sector. There are now solid foundations to build on and an understanding that partnership delivers. I hope that this document will help to point the way for those considering developing a partnership and will convince them that it can and does deliver strong tangible results for all involved.

A handwritten signature in black ink that reads "John Monks".

John Monks TUC General Secretary

Introduction

This report is based on the findings from a series of conferences on partnership which were held in Birmingham, Leeds, Manchester and Bristol in the summer of 2000. The programme was generously funded by an allocation from the DTI's *Partnership Fund* and the events were organised by the TUC in collaboration with Engineering Employers Federation West Midlands; Engineering Employers Federation in the North West; North West Regional Development Agency; Yorkshire Forward; and the Bristol Chamber of Commerce and Initiative. The case studies in the second part of this report are based on the presentations made by the organisations at these conferences and subsequent interviews with representatives of those involved in the partnership agreements.

In May 1999 the TUC published *Partners for Progress: New Unionism in the Workplace*. This report argued that in many cases partnership is the most effective approach to improve the working lives of trade union members and an essential element in any strategy to improve organisational performance. Partnership is rooted in the notion that mutual gains are possible even though unions and employers will inevitably have differences of interest from time to time. The central objective of the report was to show that partnership is underpinned by clear principles and is far more than well-meaning rhetoric. Case studies were used to explain the universality of the principles and the great diversity in their application - making the point that there is no single route to successful partnership. At the conference held to launch the report the Prime Minister made clear his commitment to the partnership approach and similar endorsements were received from a range of prominent business leaders.

THE SIX PRINCIPLES OF PARTNERSHIP

- 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

While the conference was a good start it was clear that much more needed to be done. In particular, it was essential to show that partnership organisations could be found throughout the country in every region and sector of the economy. It was also important to show that the TUC could work in partnership with employers' organisations and successfully deliver a joint project. That is what the programme of regional partnership conferences was all about.

Before embarking on a wider consideration of the issues it is essential to be clear about what partnership is - if only to rebut the claim that partnership constitutes concession bargaining, “cosying up to employers” or failing properly to defend the interests of trade union members. In the TUC’s view partnership is about *real* joint decision making and problem solving, it is about unions having *more* influence over employer behaviour and workers exercising *greater* control over their immediate working environment. Partnership depends on good industrial relations but it is more than traditional collective bargaining combined with a good employer/union relationship. The partnership agenda covers issues like business strategy and how an organisation can meet the challenges of changing markets, technologies or customer requirements. It embraces the development of a shared approach to training and the introduction of new forms of work organisation. Partnership supplements and reinforces collective bargaining through greater openness and has a clear focus on issues affecting the quality of working life. The case studies in this document show that partnership enables unions to address this wider agenda at a time when, in many workplaces, the trade union role has been reduced to the co-management of health and safety, discipline and grievance handling.

This report considers the evidence of the impact of partnership on organisational performance and employment conditions. It goes on to explore some of the broad themes that shape the implementation of the partnership principles and considers six case studies in detail. The final section sets out some of the next steps that the TUC will be taking to move the partnership agenda forward through the creation of the TUC Partnership Institute, a centre for best practice in workplace partnerships.

Partnership, performance and employment conditions

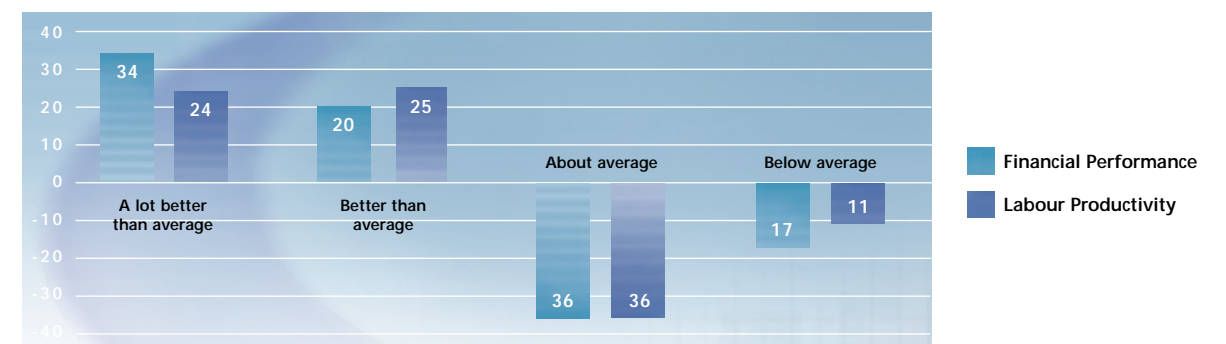
A growing body of evidence points to partnership as the foundation for improved competitiveness and performance for many UK companies. The TUC’s own analysis of the 1998 Workplace Employee Relations Survey (WERS) shows that partnership organisations are much more likely to enjoy high productivity growth and better than average profitability¹. The chart opposite shows that partnership organisations are thirty-four per cent more likely to enjoy financial performance that is a lot better than average and 24 per cent more likely to experience high labour productivity growth than non-partnership organisations.

Conversely, partnership organisations are 35 per cent less likely to have average financial performance and 36 per cent less likely to have average productivity growth.

WERS itself also identifies a clear association between “high commitment” management practices, high

performance and a strong recognised union. The case studies set out in this report support those general results and also reinforce the conclusion that partnership shows its real power when trade union involvement in questions of business policy and strategy is matched by a high level of individual employee involvement in day-to-day workplace decisions. This latter finding is the clear conclusion of a research project conducted by the European Foundation for the Improvement of Living and Working Conditions which examined the impact of new forms of work organisation on organisational performance. Two conditions for success were identified. First, high skill levels make it much more likely that various forms of direct employee involvement will have beneficial effects. Second, the involvement of worker representatives in a process of change enables employee involvement to be introduced more successfully:

“Far from being a barrier to progress, it seems, employee representatives are the agents of change. The greater their involvement, in terms of both form and extent (and this applies particularly to negotiation and joint decision-making), the more the indicators of effects were positive.”²



That partnership at work can deliver hard business benefits as well as better relationships is supported by the work of the Involvement and Participation Association on *The Partnership Company*³. This was a survey of IPA member organisations and it found that a high level of partnership was accompanied by:

- lower labour turnover
- lower absenteeism
- better internal performance
- higher sales and profits
- greater employee commitment
- a greater willingness to innovate

An OECD review of the implementation of new “flexible” working practices found that in general these arrangements were more likely to be in place where workers enjoyed the benefits of independent representation.

“Establishments with works councils - more precisely, those employers who have representatives of the employees in the largest occupational group recognised for consultation or joint decision-making at the workplace - are more likely to have taken initiatives in all practice areas.”

In this case the flexible working practices in question included flatter management structures, greater involvement of ordinary employees, job rotation and team working. Similarly, the OECD found that the presence of a collective agreement with a trade union was a good predictor of a high level of workplace innovation⁴.

The promotion of partnership at work is a central element of the government's policy of labour market reform. An important piece of research undertaken on behalf of the DTI concluded that:

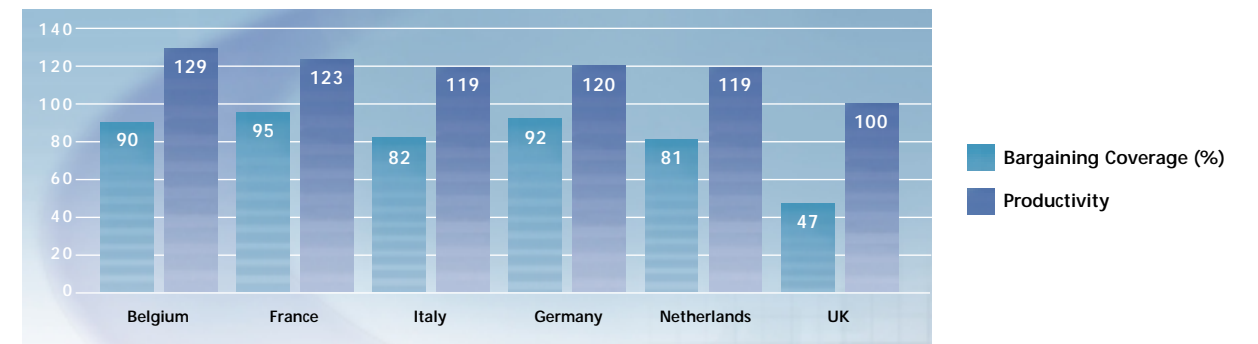
*“All the case study firms featured in the study assert that their adoption of partnership based work practices has helped them achieve enhanced business performance. This endorsement of the business benefits of partnership is a striking finding.”*⁵

Real evidence of mutual gains is contained in the same survey with partnership being used to enrich workers' jobs and accelerate the pace of workplace innovation. The argument advanced in the study is that economic necessity is driving employers to adopt partnership because the basis of competitive advantage is increasingly derived from intellectual capital and its application. As a consequence a premium will be placed on trust, innovation, commitment and effective communication and this suggests that partnership will become progressively important.

That other countries have made greater progress in reaping the benefits of partnership partially helps to explain why the UK's productivity performance is inferior. Partnership leads to high trust which in turn leads to increased commitment and reduces the need for expensive and wasteful systems of supervision⁶. In other words, managers can get on with the job of managing without needing to intervene in relatively simple tasks.

As the chart opposite shows there is a clear association between high productivity and the presence of an independent voice for workers. All of the countries shown except the UK have both high levels of collective bargaining coverage and guaranteed rights to influence management thinking through a statutory works council. While some of the productivity gap can be explained by higher levels of physical

investment and higher skills there remains a significant element that can only be accounted for by differences in management competence and the quality of workplace relationships. Part of the task in the next period is to convince employers that collective bargaining is a collective good - and that the decline of collective bargaining has deprived the UK of a powerful force for delivering positive change in the workplace, in both the interests of workers and employers.



To date much of the case for partnership has been expressed in terms of the business benefits. This is not entirely surprising given that employers are being encouraged to involve trade unions in strategic decisions, but an exclusive focus on the business case will discredit the partnership model. Workers must be certain that there is something in it for them, that unions are not sacrificing their independence and that partnership delivers better results than any other plausible alternative. TUC analysis of WERS suggests that this is the case because partnership organisations:

- make fewer people redundant;
- rarely, if ever, declare compulsory redundancies;
- offer average rates of pay around £50 per week higher than comparable non-partnership organisations; and
- have shorter average working hours.

In addition, there is clear evidence that workers have access to more training where unions are recognised⁷ and that involving trade unions in the development and implementation of training leads to a better working environment and better training programmes⁸. The case studies also show that there are demonstrable benefits for workers where union and employers are working in partnership.

The final argument for partnership is an ethical one - it is simply the right thing to do. Partnership is consistent with the view that workers are human beings rather than factors of production and have rights that must be respected. The case has been put well by Joseph Stiglitz, former Chief Economist at the World Bank:

⁴ New Enterprise Work Practices and Their Labour Market Implications, OECD Employment Outlook (1997), p.ii
⁵ Knell, Partnership at Work, DTI (1999), p.ii
⁶ Stiglitz, Democratic Development as the Fruits of Labour, address to the US Industrial Relations Research Association, Boston, January 2000.

⁷ Machin and Green, Trade Unions and Training Practices in British Workplaces, CEP (1997)
⁸ Winterton, Trade Union Involvement in Vocational Training, DE (1992)

*"We care about the kind of society we live in. We believe in democracy... Democratic processes must entail open dialogue and broadly active civic engagement, and it requires that individuals have a voice in decisions that affect them, including economic decisions.....Economic democracy is an essential part of a democratic society."*⁹

What this report tells us

So much then for the evidence. But what does this report tell us about partnership in practice? What have organisations done? Why did they do it and how have they done it? Although it cannot be emphasised enough that there is no one route to partnership, the case studies suggest some broad themes that are relevant to the application of the partnership principles in all situations.

- There must be a shared understanding of the pressure for change.
- Building trust must be an integral element of the process - it is the foundation stone on which the six principles of partnership rest.
- Effective communication and an open sharing of information are essential to the maintenance of trust.
- Trade unions must be involved in the decision making process and individual employees must have more control over the day-to-day decisions that affect them.
- Partnership must be embedded in the organisation so that it can survive the likely departure of the key individuals that started the process as well as other pressures.

What is driving the change? First, there must be some pressure (whether internal or external) that persuades the parties they need to change their relationship. It would be wrong, however, to see a business crisis as the only source of pressure. While product market conditions are important they are not the only driver of change. For example, some companies may make a conscious choice to develop a partnership as a way to maintain market leadership - as in the case of the Tesco partnership reported in *Partners for Progress: New Unionism in the Workplace*. Alternatively, the parties may have reached a point where their relationship has become stale and neither the employer, the union or its members are benefiting from the current arrangements - in other words everyone says, "we can't carry on like this". In another scenario a decision may have been taken at a higher level that requires the parties to develop a new relationship. In the NHS, for example, the new HR strategy, building on the report of the Ministerial Taskforce on Employee Involvement, now requires all trusts to develop partnership working and achieve employee involvement targets. Similarly in the civil service a new framework agreement between the Cabinet Office and civil service unions will require all government departments and agencies to work in partnership.

But identifying that there is a need for change is not enough. The parties must have a shared understanding of why change is necessary. Mutuality is the watchword and it must be reflected in the process from the very beginning.

Building trust: At the initial stages both unions and employers may have little faith in each other's commitment to the process. If this is the case then some organisations have found it helpful for an outside facilitator to encourage the parties to be honest about their expectations of each other - and to identify what is working well in their current relationship. Physically spending time in neutral territory can also be useful in helping people to move away from entrenched positions. It is important at this stage for the parties to identify a shared agenda and an action plan to deliver the necessary changes. This may or may not be expressed as a formal agreement but it is essential nevertheless to have a common understanding of the ground rules.

Some organisations have started by looking at a specific issue - perhaps a training needs analysis that then leads to an agreement on training and development. Others have adopted a more comprehensive approach and reviewed all aspects of their relationship as part of a wider review of the business. A further element in building trust is that rapid progress must be made on some straightforward changes to make clear to workers that partnership is different.

Finally, trust is essential if the parties are to continue to make progress even when things go wrong. The acid test of partnership is whether it is sufficiently robust to weather a storm so that both unions and employers can move ahead without dwelling on past failures.

Communication: All of the case studies set out below make clear the importance of open and honest sharing of information. This is critical to the maintenance of trust. Employers embarking on the partnership route will need to disclose more information than they have ever done before and will need to begin to take the union into their confidence on difficult financial issues. The case studies show that confidentiality is rarely a problem.

Employers will also find that improved communication with the unions can improve communication with workers. In particular, a joint approach to communication with joint briefings and statements can give information much greater credibility than if it comes from the employer alone. Members trust their unions and are therefore more likely to believe that what they are being told is the unvarnished truth.

Trade union and employee involvement: The independent employee voice that unions provide is an essential component of sustainable partnership. Unions are an important force for maintaining fairness in the workplace. Without an independent collective voice for the workforce it would be possible for individual managers to transgress the spirit of partnership in order to make short term gains, for example to meet or exceed targets, or to pass an employee's idea off as his own. Such behaviour would quickly undermine the atmosphere of co-operation and trust, and performance would deteriorate. Yet, in the absence of union representation, it is unlikely that individual employees would have the confidence to speak out against behaviour detrimental to the partnership. The fully independent employee voice that a union can provide is therefore an important factor in ensuring that partnership, and the improved performance associated with it, can be sustained.

This high level of trade union involvement must be matched by an equally high degree of individual employee involvement. Giving people a real stake in their job, enabling workers to take more control over their work and encouraging a culture of innovation and creativity are essential for successful partnership. This is very challenging for employers and unions and demands a re-evaluation of the roles of the parties. For example, middle managers and supervisors must "let go" and move away from intervention in simple tasks to a focus on real management problems. Similarly, unions must move from a single channel of representation to the establishment of a negotiated framework for individuals to take more responsibility for their working lives.

Embedding partnership in the organisation: In many organisations a few charismatic individuals often take partnership forward. Turnover among shop stewards and the departure of senior managers can delay implementation or lead to the abandonment of the partnership approach. The challenge therefore is to ensure that partnership becomes part of the culture of the organisation at all levels - "the way we do things round here". This means that everybody must play a part and, most importantly, that a programme of joint training is put in place to ensure that partnership becomes the norm for solving problems and making change.

Making partnership stick can demand new consultative arrangements, new problem-solving machinery and changes to the business planning process. All these features can be found in the case studies.

So what's in it for unions, employees and employers? For unions and workers the motivation to get involved in partnership includes:

- Greater job security
- A greater involvement in decision-making
- Better quality jobs
- Greater investment in skills and training
- Greater influence over the organisation and management of working time
- Improvements in recognition, membership levels and facilities

For management the benefits include:

- Less time spent on grievances
- Better decision-making
- A higher skilled workforce
- More committed staff
- Improved morale
- More flexible approach to work organisation

Case studies

John Heathcoat and Co.

PROFILE

Sector: Manufacturing - Textiles

Number of employees: 500

Recognised union: TGWU



How did partnership begin?

Partnership working is nothing new at John Heathcoat and Company. Its value, however, is becoming ever clearer as the company faces a tough time in the textile industry. Following a management buyout in 1984 the company has faced some difficult challenges and has travelled a long way from its origins as a traditional lace manufacturer. The company now produces high tech fabrics that are used in the automotive industry and civil engineering, as well as making more delicate fabrics.



In essence the motivation for the partnership has been the imperative to keep the company competitive and maintain jobs in an industry that is highly exposed to foreign competition and exchange rate volatility. Heathcoat's strategy is to aim for the quality and high tech end of the market and it currently exports about 55% of what it produces. Developing a strong partnership with the union has been an essential part of that strategy.

Developing trust and openness

The company's relationship with the T&G and its employees is fundamental. Underpinning the work with the union is the understanding of the need for good, clear lines of communication. There is one full time convenor on site and 13 shop stewards. The company is keen that the consultation process is genuine and aims to be as transparent as possible in its plans for the future, allowing maximum union involvement.

There are two site meetings a year when representatives of the workforce meet the senior managers.

The company sets out the plans for the future including details of orders won and lost, investment

planned, the results for the past six months and comparisons with previous years. This is a simple demonstration that workers and their union representatives have confidence that they are being kept in the picture about recent performance and prospects for the future.

Trade union and employee involvement

At monthly divisional meetings shop stewards meet with management to discuss the performance of their division over the month and plans for the coming months. The stewards will raise comments and questions from workers about the way that things are being done and will make alternative proposals. This informal discussion opens the way for a continuing dialogue on individual issues and is an invaluable way of identifying questions that need to be addressed. As Mike Gratton, the T&G Convenor, says:

"The management genuinely listen. The dialogue is constructive and our members do feel that what they say is listened to and acted on. It makes them a lot more likely to comment on things in future - feeling that the company is genuinely interested in what they have got to say. We have always adopted the line that 'it's good to talk'."

Both the employer and the T&G recognize that these are tough times for the industry and that they need to work together to be able to secure a future for the company. The positive side to the difficulties for the industry has been that it has brought the partners together - to help both to realize that they have a common goal. Whilst interests are clearly not always the same the management and the union both feel that they benefit significantly from this close working.

Embedding partnership in the organisation

New consultation arrangements have been introduced to supplement the process of collective bargaining and formalise the extensive dialogue that takes place between management and the union. The Convenor, three senior Shop Stewards and management have agreed these new arrangements to promote joint problem solving. A new Joint Consultative Committee (JCC) will encourage more round table dialogue and speed up communication. It will help to embed the culture of openness and participation and is an essential element in the company's decision-making machinery.

There has been a recent change of personnel at the top of the organisation but the new Chief Executive has expressed his clear commitment to partnership. The benefits to the company are well understood by all and are incorporated into all the company's processes.

“Working together doesn’t mean that there will never be disagreements and this new JCC will help to formalize an approach to solving these by working together and making sure that everyone around the table is happy with the eventual outcome.” Eric Newton, Chairman.

Benefits

The principal benefit for the employer, union and its members is that the company remains in business. Competitive pressure is intense in the textile industry and Heathcoats has used partnership to weather the storm. In particular, partnership has been critical in enabling the company to pursue a high productivity - high performance strategy.

While the company employs fewer staff than in the past and has no formal job security agreement, it has a commitment to avoid compulsory redundancy and explore all available alternatives. The company is flexible and will move people around the site to do different jobs before contemplating redundancy. There is also a commitment to preserve the skill base of the organisation and that means maintaining current levels of employment if possible so that valuable skills are not lost through wasteful redundancies. Both parties understand that it is foolish to lose skilled workers in bad times if this means rehiring and retraining when things improve.

“My job is to provide a return for shareholders in the very long run; the company also believes it has a responsibility to provide good local jobs and that underpins the way we act. As a company we rely on innovation to stay ahead of the field. To do that we need to all be involved. The company needs new equipment but it also needs new ideas.” Eric Newton, Chairman.

Elida Fabergé

PROFILE

Sector: Manufacturing - personal products

Number of employees: 800 in total
(600 based at Leeds) - part of Unilever

Recognised unions: USDAW & MSF



How did the partnership begin?

The Elida Fabergé manufacturing site is based in Leeds, and has a Partnership Agreement which was first signed in 1993. The tradition of working closely together has a longer history and can be traced to the

mid-1980s at a time when partnership was very unfashionable. The traditional union-employer relationship began to change when the company took the decision to relocate the factory from the centre of Leeds. The union was approached about four years before the move was to go ahead and worked in close consultation with the company to ensure that the move was handled in the smoothest way possible. Such a lengthy notice period was of enormous benefit to employees who could manage the impact of the move on their careers and personal lives more easily.

Developing trust and openness

Working together closely on the factory move helped to establish a good working relationship. After this both union and management were keen to build on the trust that had developed and to extend the principle of working together to all aspects of their relationship.

Elida Fabergé has a written Partnership Agreement that covers the whole site but the company and the union believe that partnership is about the process of working together rather than the detail of what is contained in the agreement. The parties believe that the person who knows most about a specific area is the person who does the job. This means that workers can make significant decisions without reference to a manager or supervisor. For example, if a piece of equipment is working inefficiently then the operator can decide to take it out of production and make a repair if this will lead to better performance. Individuals and teams are responsible for and accountable for their actions - but this means that they can contribute their own suggestions and influence the organisation of work.

Close working on issues such as health and safety and training have helped to develop trust. All the health and safety reps on site are trade union trained and each department takes full responsibility for health and safety. Quarterly meetings are held between a company director and the health and safety reps where targets are set for the coming quarter and the performance of the previous quarter reviewed. If targets are not met an explanation must be given and each department must develop an action plan to address the issues.



Trade union and employee involvement

Following the factory move the company took forward an initiative to develop a “Total Quality” programme. This had large implications for the way that work on site was organised and therefore had a significant impact on people’s day to day lives. The new partnership relationship led the company to work

as closely with USDAW as possible on the development and implementation of the new programme.

A course run by an external facilitator about implementing the new approach helped both sides to develop a shared understanding of the aims of the project as well as developing an understanding that both the employer and the union had an interest in improving the competitiveness of the company.

The new approach highlighted the importance of flexibility. For employees this has meant the acquisition of new skills and a change in approach so that each employee is aware of their own development needs and the contribution that they make to the organisation. One of the key benefits to the company from working in partnership with the union has been the additional flexibility that they have gained - not the flexibility to hire and fire, but a more flexible approach to work organisation, the removal of demarcations and a better motivated workforce. Where appropriate, the company is always willing to discuss the needs of employees in respect of flexible working arrangements to help achieve work/life balance. This need not always be formal, in some cases, flexibility can be agreed at a local level between the employees themselves.

At a departmental level, workers and managers are able to conclude local level agreements that set out how issues such as work organisation, working time and rostering.

"Partnership has enabled both sides to develop a shared understanding of the business and of a vision for the future. This common vision of the business helps us reach agreement quickly on how to tackle a whole range of issues." John Clayton, Human Resources Manager, Elida Fabergé

A project is now underway to develop a new shift system. The union and management are working closely together to involve all staff and to ensure that the changes are introduced fairly. It is understood that the company has to respond to forces in the external market and that that demands some reorganisation of working time. The company has no fixed ideas about how these changes should be made and working groups with trade union involvement have been set up to examine the options and make recommendations.

Embedding partnership in the organisation

The partnership has now matured and is part of the institutional fabric of the company. Whilst there may still be disagreements over issues or when new individuals become involved in the process, there is an overwhelming understanding that the company operates in partnership. The union and management representatives see themselves as custodians of the agreement, which will continue to evolve and develop.

Benefits

The company set up a learning centre in partnership with USDAW over 10 years ago and encourages all employees to use the facilities on offer. The centre is open 24 hours a day, 7 days a week and is open equally to all staff. It offers self-help courses in IT, problem solving, literacy and numeracy amongst other things and has a lending library. The company does not employ "trainers" but tries to use the skills and knowledge of staff so that employees can develop each other where possible. External trainers are used where necessary.

"We used to meet management once a year to discuss the annual pay round and a whole long list of other issues. Now we talk constantly throughout the year, making sure that issues are dealt with as they arise and that small problems don't grow into bigger ones." Malcolm Colbeck, USDAW

BAE Systems Airbus UK - Filton

PROFILE

Sector: Manufacturing - aerospace

Number of employees: 4,500

Recognised unions: AEEU, GMB, MSF, TGWU, UCATT



How did the partnership begin?

BAE Systems Airbus UK operates in the very competitive manufacturing sector of the aerospace industry. Its site at Filton is one of the largest manufacturing employers in the Southwest. They are an Airbus partner, producing components and sub-assemblies for Airbus wings, assembling fuselages for a regional jetliner and for Airbus, and BAE Systems Aviation Services carries out major maintenance and services conversion interfaces for Airbus aircrafts.

In April 2000 the Government announced that it would help to support the development of the new A3XX aircraft series by offering fully repayable investment to the company to support the development costs.

Five trade unions are recognised and the majority of manual workers are AEEU members. The unions work together through a well-developed Joint Shop Stewards Committee. This Committee has developed a close working relationship with the management since 1994 following a severe round of redundancies. Manual jobs decreased from 2,500 to only 930 in a 4-year period. Changing fortunes and new ways of working have since led to an increase to over 1,200 manual employees on site.

In 1994 the company began to examine the changes needed to maximise competitiveness. The unions argued that they could play a key role in this process and presented an innovative strategy to the employer: *Aero Structures Filton "The Way Forward" A Trade Union Outlook*. This explained the role that Shop Stewards could play as communicators and joint problem solvers. It also emphasised the need for the company to establish greater employee involvement and to involve workers as well as managers/supervisors in the proposed working groups that would address the challenges facing the business.

Developing trust and openness

As a result of the trade union presentation, the company set up four working groups to look at different aspects of company strategy, and invited a full-time senior shop steward to participate on each of the groups (People Policies, Engineering, Internal Supply, Customer/Supplier). The groups ran for approximately a year, benchmarking existing performance and identifying what BAE Filton could learn from best practice, both within the BAE group and outside.

A large part of the unions' vision for the company's future involved a greater emphasis on training.

The union argued that investment in skills would lead to a better work content and more satisfying jobs for employees as well as improved productivity and competitiveness for the company. However, there were still problems to resolve - particularly some management and union scepticism about the usefulness of the joint initiative. Greater trust and confidence in the process needed to be developed to reinforce the commitment of senior management and union representatives. A process of dialogue with members led to an endorsement of the process and unanimous agreement to full trade union involvement.

One example of an initiative that has improved working lives quickly is the decision to hold smaller parts and items of stock closer to where they may be needed. This has made life much easier for workers and increased overall efficiency - a simple but powerful example of the difference made by direct employee involvement in a context fixed by the trade unions and the employer.

Trade union and employee involvement

The unions conducted a site survey looking at training levels and attitudes to training. One hundred per cent of respondents agreed that there was a need for skills training with 93 per cent agreeing with the question that asked whether the trade union and employer should jointly formulate a site policy on training. The union set out some guidelines to shape the training that was delivered: it should be accredited, voluntary, pay should not be directly linked to training and it should be free and equally available to all employees.

This led to a training scheme to NVQ level 3 that has so far been completed by more than 400 people. Sixty on site assessors have also been trained and 35 training reps (28 manual staff) have been nominated and trained. A formal training agreement between the company and unions was agreed in 1994. This encourages dialogue between the two parties although it is not seen by the unions as having gone as far as it should. They wish to develop the agreement to cover resources and budgets.



An Employee Development Scheme has also been set up under which the company has agreed to provide £100 for each employee per annum to be spent on training and education.

Initially there was some suspicion amongst employees about consequences of "failing" to learn fast enough. By working with the union the company was able to address these fears and create a learning culture that created more rewarding jobs and higher productivity.

Building effective communication

Joint discussion of the proposals emanating from the working groups enabled management and unions to improve trust and communication. The result is a much wider sharing of information. A weekly union committee meeting discusses items that are then fed back through the shop stewards to the workforce. When the working groups were in operation, the full-time officials would feed information back directly to the stewards and would have to justify why decisions had been taken and conclusions reached.

Benefits

One of the immediate benefits to the workforce from the evolving relationship with management was that the unions were able to negotiate a more flexible approach to working hours and introduce a 37-hour 4-day working week. This had been a long-standing union goal and work undertaken during the change process helped to move this forward. The number of hours worked was cut from 39 to 37 and the entire site was able to move from a 4 and a half day week to a four day week.

Working together in this way has enabled management and union to work closely on other initiatives. The AEEU have seconded a second full-time official to work with the company on lobbying to gain support for the development of the A3XX. This highlights the understanding from both parties that they are both

dependent on the ultimate success of the company and that it is in their mutual interests to work together to help to guarantee a future for the Filton site.

Bristol City Council Libraries

PROFILE

Sector: Public - local government

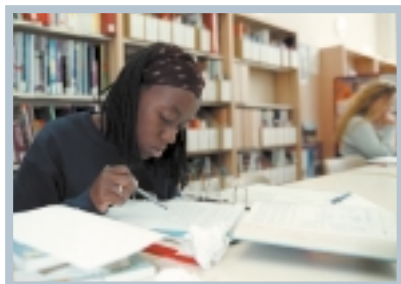
Number of employees: 270 (Libraries only)

Recognised union: UNISON (Libraries pilot)



How did the partnership begin?

An innovative joint project was set up at Bristol City Council, which involved the TUC, the Employers' Organisation for Local Government and local government unions. The project was aimed at both improving work/life balance and enhancing the services offered by the Council. A pilot project was established in the Library Service to evaluate new approaches to the organisation of working time.



A review of the Library Service had been carried out in 1997 which led to radical restructuring. Some new specialist jobs had been created and there was the opportunity for senior librarians to take on additional responsibilities. However, the overall staff budget was cut and many workers felt demoralised. The music and arts libraries were closed down and library service lost about one third of its qualified staff.

Branch libraries were reorganised into clusters and staff would be told at short notice which library they would be working at. Staff were unhappy that they had little influence over and knowledge of where they would be required to work. They could be allocated to one of a number of different libraries throughout Bristol, which could make organising their lives outside work very difficult.

Initial consultation on the pilot project indicated that there was scope to improve the situation for the employees as well as improve customer service. A survey of employees was carried out that found support for new ways of working and looked at the reasons employees wanted to change the way that they worked. Many wanted to change their hours to fit better with caring and family responsibilities (more men than women cited this reason), others wanted more leisure time or the opportunity to benefit from adult education. The Council also carried out a consultation with library users. There was great interest in Sunday opening and

the Council was keen to meet this demand. As a result of this consultation a pilot project was developed which aimed to do the following:

- produce benefits for the employees and the Council;
- work in partnership;
- introduce more flexible working hours and Sunday working;
- achieve a better work life balance; and
- achieve more flexible service delivery.

Developing trust and openness

Initially the library staff expressed little enthusiasm for the project. Their morale was low and they believed that the project was aimed at imposing Sunday working on them. The UNISON stewards, however, felt that there were potential benefits for the workforce through more flexible working time arrangements and consequently encouraged staff to take part in the project. As the project progressed the reluctance of the staff gradually diminished as they began to see the advantages of more flexible working time patterns.

Some management resistance was also encountered, as managers feared losing control of areas that had traditionally been their concern. Joint training and an emphasis on good communication helped to overcome this initial hostility by giving all those involved a greater understanding of the real aims of the project. Reporting on the success of the libraries project and other similar projects elsewhere in the Council, also, helped to highlight the significant benefits of the new approach.

Liz Ring, the UNISON convenor in the Library Service, felt that it was worth encouraging the staff to play a full part:

"Change takes time to permeate organisations and you need to keep pushing. Ideas from the bottom can work and staff feel better if they have control of their own lives and work patterns."

Building effective communication

Joint newsletters and seminars were used as communication tools to try and ensure that the results of the pilot projects, of which the libraries project was one, were well known throughout the Council. It was felt by all those involved that it was important that the project was seen as something that could be rolled out throughout the Council's mainstream work rather than as a stand alone project in one discrete area.

Trade union and employee involvement

A set of ground rules was drawn up both to inform the operation of the project and ensure that everyone shared the same aims and objectives.

GROUND RULES

Transparency - aims will be clear with no hidden agendas

Voluntary - any group or individual will participate on a voluntary basis and will not be coerced to be involved

Communication - will be open with regular two-way feedback between management and staff

Services - will be enhanced and bring benefits to staff regarding their working time arrangements

Ownership - responsibility for the pilots will be taken on by both trade unions and management

Experimental - the pilot projects are experimental and open to change by agreement of those involved after a reasonable amount of time has elapsed

Approach - the pilot projects will address working time flexibility from a positive standpoint and in ways that mainstreams equality issues

Both management and unions worked together to assess the interest from staff in the possibilities of working on Sundays and how this would impact on the hours that they already worked.

Two surveys were circulated, (the second including details of pay and conditions that would attach to the Sunday working) asking the staff if they would be interested in working on Sundays. The response rates were good but less than a third of staff, fewer than required, were willing to work on Sundays. Some extra temporary staff were, therefore, recruited.

The second survey covered areas such as flexitime, job share, working compressed hours and roster organisation. Significant numbers of staff indicated that they were interested in these areas and a focus group was set up to discuss this interest further. A focus group of eight members of staff was set up with the managers being interviewed separately. It was felt that the lack of trust between managers and staff might inhibit discussion in the focus group, which was why at this stage the two groups were dealt with separately.

The focus group worked well and generated ideas as well as a greater interest in the project from the staff. Holding the focus group helped both management and staff to begin to understand the others' points of view and their concerns about the project.

Sunday working was approached in a very flexible way. Separate contracts were agreed for Sunday working. The maximum that anyone could work would still be 37 hours but those who were already working full-time could switch some hours to Sundays, where they would then be paid time and a half. Part-time workers could increase their hours, and staff could be on a Sunday contract at a different grade to the grade that they were for the rest of the week. By the time that the Sunday opening began, fewer temporary staff were required than had been anticipated as the interest from the permanent staff had grown such that 75 per cent of those required for the Sunday opening came from this group.

A system of self-managed rosters was introduced. This would address the main problem encountered by many members of staff - the inability to plan their lives outside work, eg managing childcare effectively, as they received such short notice of where they would be working. One member of each cluster of libraries drew up a plan in consultation with other staff members. The increased involvement and consultation in drawing up the rosters worked to improve staff morale. They had a greater say in where and when they worked, as well as a greater understanding of the difficulties of managing the system.

Lesley Mansell, Equalities Officer (Women) of Bristol City Council felt that the benefits of involving staff in this way were clear:

"Staff know how things work and it is important to use this knowledge, to involve rather than alienate employees."

Benefits

The success of the library project in terms of improving both services and job satisfaction will be formally evaluated by Bath University. However, the council is confident that the findings will be positive through the informal feedback that it has received and another project is now underway to roll this partnership working and the flexible approach to working hours to the rest of the council workforce.

Morale amongst employees has improved now that they have greater control over their work patterns, greater advance knowledge of where they will be working and the feeling that management have confidence and trust in them. Managers have had time freed up that was previously spent drawing up work rosters and dealing with disputes about working hours. The benefits to the council are clear - both staff satisfaction and customer service have been improved. From the union's perspective their members now have more choice about their working patterns and employees are effectively responsible for managing their own working time. This high level of employee involvement goes some way to meeting Stiglitz's aspiration for economic democracy referred to on page 8.

Wolverhampton Healthcare NHS Trust

PROFILE

Sector: Public - Health Service

Number of employees: 1,700

Recognised unions: UNISON, AEEU, RCN, MSF/CPHVA, BDA, CSP and SoCaP



How did the partnership begin?

Wolverhampton Healthcare NHS Trust was established in 1995 and covers a range of healthcare activities, employing more than 1,700 people on more than 30 sites. It is currently beginning preparations to become a Primary Care Trust.

The report of the National Task Force on Staff Involvement in the NHS, chaired by Hugh Taylor, Director of Human Resources, NHS Executive, was published in 1999. This report called on all parts of the NHS to improve the way in which they involved all staff in decision-making. The Task Force argued that increasing staff involvement would improve service delivery and the quality of care that the NHS can offer. Involving staff and unions is therefore critical to the long-term success of the NHS.

The Wolverhampton Healthcare NHS Trust is one of the leading Trusts in implementing the Task Force report and made a successful bid with UNISON to the DTI's Partnership Fund for support for their project *Working Together - Involving Staff*. The aim of the project is to develop a new leadership style and a culture of openness across the Trust that will focus on increasing staff involvement and will encourage staff to contribute ideas. The Trust feels that increasing staff involvement is needed to:

- Improve working lives for staff in the NHS
- Improve recruitment and retention of staff
- Improve staff morale
- Reduce absenteeism
- Improve decision making
- Improve ability of staff to cope with change

Developing trust and openness

The Partnership Fund project is one of the areas of work being carried out in the Trust to take forward the ideas of the NHS Taskforce Report. Rapid change within the NHS and a number of changes to the pay

system had created some tension between management and unions. There was a fairly traditional style of industrial relations with the staff side¹⁰ and management meeting once a month.

The Task Force Report provided a stimulus to look at this approach and led to a commitment to develop a new way of working, based on greater staff involvement. A report was drafted within the Trust and was simultaneously put out for consultation to the Board, management and staff. The replies were mixed, showing some scepticism about the real intentions of the project and about the ability of such a project to bring about significant change. On the whole, however, they were supportive and the Trust began to put the ideas into practice.

The first phase of the project was to establish how the Trust was performing on issues like trust and communication, and to identify areas that needed to be improved. In the second phase joint workshops will be delivered to managers and union representatives to respond to the needs identified in the first phase. This will then be extended into problem-solving projects where relationships will be built; with the help of an outside facilitator and specific problems will be identified and addressed. The final phase of the project will be to produce training materials to be used throughout the Trust and more widely across the NHS. A conference is also being organised to "spread the word" and share good practice with others across the health service.



Improving communication

Communicating to all staff can be difficult with a large number of sites, staff working off site and great diversity in shift patterns.

A major exercise was undertaken to publicise the staff involvement project within the Trust. Articles were placed in the Trust magazine and unions and management jointly signed the information circulated through the standard communication channels. All the material was branded with the "Involving staff" logo. It was decided that a greater effort and more distinctive approach was needed to communicate with staff, to ensure that the project was seen as distinct from "another management initiative" and that the potential benefits to all staff were adequately understood. A series of "roadshows" was developed where management and union representatives visited different sites to explain the objectives of the project. While some of these events were well attended, others were not. A second phase of communication was therefore developed with management and union representatives attending departmental and other meetings to make presentations about staff involvement.

Trade union and employee involvement

In order to develop trust and to demonstrate management's commitment to the process, some immediate action was needed to gain greater support for the project. First, it was agreed that a staff representative should be appointed to the Board of the Trust. Second, the "Management Forums", which had traditionally been held once a month at an off-site location, were opened up to a wider audience. All staff side representatives were now invited to contribute to these meetings - a significant part of the plan to get more trade union involvement in the strategic planning process, and as a result of this a further trade union representative has been invited onto the newly formed Strategic Forum, which replaces the old style Management Board Meeting.

The Trust has accepted the need to get staff involved at all levels. The unions have been asked to nominate a representative to sit on sub-level "Directorate" Boards as well as on the Clinical Governance Steering Committee, Health and Safety and Training Committees, Risk Management, Effective Services, Knowledge Management and Organisational Development Steering Groups, plus the Communication and Flexible Working Project Groups.

After widespread consultation with employees and development of action plans, a "Staff Opinion Survey" was drawn up with the help of an outside consultancy to collect information about the attitudes of the workforce. A poster campaign informed staff that they would be receiving the survey, explained the objectives and reminded them to return the forms. Leaflets were also used to get across more detailed information. An impressive response rate of 46 per cent was achieved.

The results were generally positive and highlighted certain areas where improvement is needed. 84 per cent of those responding thought that the Trust was a good employer, 62 per cent thought that the welfare of staff was important to the Trust, and 67 per cent said that training and development is actively supported in the Trust. However, 67 per cent thought that working conditions were not good, 65 per cent found their job stressful and 66 per cent relied on the grapevine to find out information on what was going on in the Trust. The survey results have been widely circulated to all recognised trade unions and local health providers within the borough.

Embedding partnership in the organisation

Wolverhampton NHS Trust is one of the leading Trusts in implementing the recommendations of the Task Force report. By fully involving trade union and staff representatives in the membership all of the formal committees and processes throughout the Trust, the level of staff understanding and commitment to the process has grown.

The project will help to develop a culture of partnership across the Trust by ensuring that all those involved have been trained in partnership skills - including effective communication and joint problem solving.

Disseminating this training throughout the NHS will then help to spread a culture of staff involvement and openness. National policy demands a much higher level of trade union and employee involvement.

This project will help to see that it happens

Benefits

The Trust's employees have benefited from a greater say in the decision-making. Although there is still work to be done, communication has improved significantly and employees are developing the capacity to exercise much greater influence over the course of events.

In addition to this project, the Trust is also developing and implementing a communications strategy and updating its flexible working arrangements for the benefit of staff in an effort to not only recruit to but also retain its current valued workforce.

AXA Insurance

PROFILE

Sector: Private - financial services

Number of employees: 5,000

Recognised unions: MSF, UNIFI



How did the partnership begin?

AXA Insurance is the third largest general insurer in the UK and employs approximately 5,000 people.

The company was previously known as AXA Provincial Insurance plc and was created from the merger of the UAP and AXA Groups in 1997. In 1998 the company changed its name to AXA Insurance plc and then acquired Guardian Royal Exchange Group (GRE) in May 1999. The recognised union in AXA Insurance was MSF and within GRE, UNIFI. This background of mergers resulted in different parts of AXA having different cultures and attitudes towards employees and trade unions. The company wanted to develop a partnership with its workers to try to create a single culture across the merged organisation.

Whilst a good industrial relations climate had existed for a number of years, this was rooted in traditional frameworks rather than a partnership approach.

A new Chief Executive, Andy Homer, was appointed in 1998 and immediately launched a programme to improve relations with staff and trade unions. In his first week, he set up a Joint Working Party chaired by MSF, to resolve a pay dispute. The Joint Working Party made 12 recommendations to the Board, 10 of which were implemented immediately. The recommendations included the payment of a one-off “merger bonus” to reward staff for their hard work and the disruption that they had suffered during the recent merger with UAP.



Developing trust and openness

The success of this working party helped to develop trust between management and unions and demonstrated the company's commitment to changing the way that it worked with staff. The unions were then invited to play a full part in the annual management conference that is held to review company performance and discuss future strategy.

At the time of the next merger with GRE the company asked both unions at what level they wanted to be involved in discussions, and the unions stated that they wished to be involved in decisions at as early a stage as possible, in order to be able to have real influence over the decisions to be made. This led to full trade union consultation on the AXA side throughout the merger process, including the establishment of trade union workstreams working side by side with business workstreams in the project to design the new company.

In order to develop the partnership with MSF and UNIFI, and to help to consolidate the relationship throughout the newly merged company, AXA and the unions submitted a bid to the DTI Partnership Fund. The aim of the project was to try to roll-out the national level partnership more effectively at the local level by training union representatives and management to understand each other's perspectives and forge a better relationship. This is regarded as a key initiative to create a culture of partnership at ground level. The unions and company agreed to cover staff time as their share of the costs and the money received from the DTI fund was used to cover the costs of the college used to provide the training.

During the integration process, MSF began issuing a weekly newsletter “Update”. The company also issued a bulletin that was issued about every fortnight and contained a detailed section on progress in the merger and the rationalisation of terms and conditions and grading structures. It was agreed that these should be merged to reduce duplication of effort and to demonstrate the partnership working that was

going on and ensure that there was always a consistent message. Both unions and management would agree a draft of the new “Update” and any disagreements were resolved prior to publication.

Trade union and employee involvement

One of the main areas of partnership working has been the need to establish new terms and conditions that would apply to everyone in the newly merged company. A new staff handbook incorporating new terms and conditions was delivered within nine months, a timescale that would have been impossible without the close joint-working that was established as a result of the partnership. A new job evaluation scheme and new salary and regrading structure have also been agreed in the same time period.

Both the company and unions have sought to avoid traditional “us and them approaches” and instead sought common ground.

“When the unions talk about their members they are talking about our staff and when we talk about our employees we are talking about their members.”

Nigel Brown, Head of Employee Relations, AXA Insurance.

Embedding partnership in the organisation

The company also has four call centres that were not previously unionised. As part of the partnership agreement and to underline their commitment to the unions, the company has provided full access to these call centres, with two being allocated to MSF and two to UNIFI to organise. Those deciding to join the union will fill in a joint application form entitled “Unions in Partnership” and will then be allocated to the relevant union. However, in practice, “Unions Together” will present a single organisational base within AXA Insurance. This partnership working between the unions helps to make sure that their organising capacity is maximised and cost base duplications avoided.

The aim of the DTI Partnership Fund project is to help develop the same understanding of partnership and the same level of staff involvement throughout the company. The series of mergers brings obstacles to overcome but also presents an opportunity to build something new for the new company. This will take some time and there will be difficulties in embedding partnership. The results of the project will be formally evaluated and further work that is needed to promote the partnership throughout the organisation will then be planned and undertaken. The DTI Partnership Fund project is the start of the process and both unions and management have a long-term view of how the partnership will develop.

Benefits

The partnership has meant that unions are regularly consulted by managers on changes affecting the company and communication between workers and managers has improved dramatically as a result.

The employees have benefited from the rapid resolution of issues, such as the agreement to pay the one-off merger bonus to all staff. Both employees and management have gained from the agreement of a new staff handbook, new terms and conditions, and new staff evaluation and regrading schemes.

The move towards a single company with a shared culture has happened far more quickly because of the involvement of the unions. A good early warning system has developed so that the unions can identify where difficulties may arise, enabling the company to deal with them before a serious problem really emerges.

Next steps - the TUC Partnership Institute

This report is being published to coincide with the launch of the TUC Partnership Institute. The Institute is a centre for best practice in workplace partnerships and its purpose is to help unions and employers develop effective working relationships, which improve productivity, workplace performance and the quality of working life for employees.

The Institute will promote union involvement in strategic decisions, effective relationships between line managers, supervisors and union representatives, and greater employee involvement. The Institute will:

- offer organisations practical support in establishing partnerships at work through its training and advisory services;
- support a network of organisations who are brought together by the TUC to learn from each other about partnership at work; and
- sponsor new research into partnership working and play a leading role in the development of public policy.

The Institute aims to create a shift in industrial relations so that partnership is an established way of working in British workplaces. By helping many more organisations develop partnerships, the Institute aims to:

- help employers deliver better products and services through improved workplace performance;
- improve the quality of working life for employees;
- promote greater employee involvement in decisions about work organisation;
- develop union capacity to work with employers on the development of organisational policy and strategy; and
- strengthen union organisation in the workplace.

In developing these services, the Institute will draw on the expertise of partner organisations and individuals with leading experience in the field. The services will be delivered by TUC Partnership Institute Associates and Trainers: independent consultants recruited for their senior level expertise in facilitation and training in industrial relations, organisational development and change management. These Associates and Trainers are carefully selected to match the demands of each project. This combination of senior level expertise and the Institute's influence and contacts among trade unions means that it can design practical solutions to problems facing employers and unions.

The Institute will offer a package of training and advisory services, which can be tailored to the needs of individual organisations. The package will include:

- Expert facilitators
- Training in skills for partnership
- An exploring partnership workshop for unions and employers
- An analytical approach which will allow organisations to measure performance against partnership benchmarks
- Training needs analysis for partnership

The case studies set out in this document show that partnership has strength and depth across the economy. This is a solid foundation on which to build. The TUC Partnership Institute will be an important resource for all unions and employers wishing to adopt a new approach to manage their relationship. The elements are now in place to create a new culture which delivers major gains for unions, their members and employers. It is up to all of us to make the new world of work a reality.

With thanks to:

