

**PARTNERSHIP IN  
BRITISH  
WORKPLACES:**

**FOUR CASE STUDIES  
IN THE  
DEVELOPMENT OF  
TRUST.**

**by Graham Dietz.**

Department of Industrial Relations,  
London School of Economics and Political Science.

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## **ABSTRACT.**

In the last 10 years, the debate on the idea of ‘partnership’ at work has been re-ignited, and has come to dominate British industrial relations.

But what I call ‘the 1990s version’ is still only an emerging phenomenon. Progress in the debate is exacerbated firstly by confusion over a precise and workable definition, secondly by predictable ideological hand-wringing and point-scoring, but most significantly, by a lack of clear and independently-assessed case studies of verifiable partnership organisations.

In this thesis I aim to set out a standard definition of partnership that does justice to the word (suggesting, as it does, an enduring and committed pact for mutual gain between more or less equal participants). I derive this primarily from the literature on another much-maligned concept: trust. My theoretically robust and practical definition provides for a coherent set of observable principles and practices which, I argue, ought to be present for an organisation to be accorded ‘partnership’ status. It is to be hoped that this may draw a line under the ongoing debate on defining partnership. Moreover, using trust to formulate the definition of partnership renders the latter concept attractive to every school of industrial relations thinking, from unitarists to Marxists, and offers several testable research hypotheses. It also contributes to restoring the much-neglected quality of trust to a position of central significance in employment relations theory.

To address the lack of *genuine* fieldwork evidence of partnership, I present the findings from four post-implementation qualitative case studies. Each comprises a narrative of the partnership and the development of relationships based on trust. I identify, from respondents’ own accounts of events, where partnership has influenced trust levels, and vice versa.

In my conclusions I address the advantages and disadvantages, pitfalls and benefits, of trust-based employment relationships using partnership. Finally, I speculate on what might be the fate of this, the latest British programme to manage “*pluralism’s problems*”.



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*Graham, February 19 2002.*

# **PARTNERSHIP IN BRITISH WORKPLACES:** **FOUR CASE STUDIES IN THE DEVELOPMENT** **OF TRUST.**

*“The advantage to mankind of being able to trust one another penetrates into every crevice and cranny of human life: the economical is perhaps the smallest part of it, yet even this is incalculable”*  
(J. S. Mill, 1848: p131).

*“The defining characteristic of successful partnerships is trust.”*  
(Cave & Coats [TUC], 1998).

## **Introductory Remarks.**

The essential nature of the employment relationship is a “*structured antagonism*” between the conflicting interests of the employer and the interests of the employee (Edwards, 1986: p5). The management team secures an employee’s *capacity* to work only, but seeks through productivity improvements and efficiencies etc, cost-effective performance that, in a capitalist enterprise, yields surplus profit. Thus, labour’s cost is minimised. Employees sell their capacity to work for a certain price, then are usually expected to press for as much reward for their performance as possible. In addition most employees seek to retain some degree of control over their own work situation. Thus, labour’s price is maximised. As it is impossible for an employer to detail precisely in an employment contract the quantity and quality of effort, creativity and commitment required of employees, the principal issue at work becomes one of selecting methods of control.

Control of work is determined through some form of bargaining. This bargaining can be minimal or extensive, formal or informal, collective or individualised. But between the employer and the employed a ‘bargain’ is struck on how the employer will convert employee capacity into employee performance. In more recent literature (e.g.: Rousseau, 1995, among many) this has been termed the “*psychological contract*”, comprising a set of agreed expectations revolving, essentially, around performance in exchange for reward.

Since the early sociology of Durkheim, commentators have cast the range of possible control strategies, perhaps rather crudely, along a continuum between two extremes, with a broad zone for “*negotiated order*” lying between the two. Examples include:

*Adversarial* ..... *Collaborative*

(Durkheim, cited in Lincoln & Kalleberg, 1990).

*Conflict* ..... *Co-operation*

(Edwards, op cit)

In choosing - or bargaining - an agreed form of workplace control, an organisation confronts external influences in the form of economic circumstances, market fluctuations, legal frameworks, public opinion and social mores. While what materialises does so in response to the material conditions of the times, the selection of an organisation’s control mechanisms is ultimately conceived and directed from *within* the organisation (Marsh, 1992: p243; see chapter four). It is shaped mostly by the prejudices, enthusiasms, analyses and abilities of the organisation’s key participants.

Among the myriad of options available for the control of work are authoritarianism, strict bureaucratic regulations, a ‘live-and-let-live’ pragmatism, collective bargaining, employee involvement initiatives, and the subject of this thesis: *partnership*.

### **What is partnership?**

According to its contemporary advocates,<sup>1</sup> partnership is an attempt to shift British employee relations from the antagonistic stances found in organisations on the left of the above continuums, toward the collaborative and – in theory at least - mutually beneficial behaviours that one might expect to observe in organisations on the right. Partnership is an attempt to control the structured antagonism of the employment relationship, and perhaps to resolve its inherent conflict, through some form of “*mutual gains*” arrangement (cf. Kochan and Osterman, 1994).

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<sup>1</sup> As we shall see, it is by no means a modern innovation in employee relations.

Several partnership models are discussed in detail in chapter one. However, the concept typically revolves around joint problem solving processes at both the workplace and strategic levels, with one of the core ‘problems’ held to be balancing the employer’s need for flexible work practices with employees’ concerns over employment security. Once this balance is agreed upon in partnership, a further feature is that the benefits from any improved performance levels are shared among the workforce as a whole (hence its mutual gains characteristic).

### **Partnership and trust.**

My central conceptual argument follows Fox who volunteered his own continuum of control strategies:

*Low trust ..... High trust.*

(Fox, 1974a)

The critical factor in determining an organisation’s mechanisms for control of work is the willingness to conceive the possibility of, and to work toward, *mutual trust*. The primary objective of partnership principles and practices – of achieving the balance of interests and mutual gains - is said to be, as per Cave and Coats’ observation at the head of this chapter, the development and maintenance of *trust* between managers and their employees.

What is meant by mutual trust is discussed in greater detail in chapter two. However for these introductory remarks the reader may consider the following definition: “*Trust is the belief in confident positive expectations regarding another’s conduct in a context of personal risk*” (Lewicki, McAllister & Bies: 1998).

A set of partnership *principles* is agreed among the organisation’s main constituencies. Based on these a set of specific partnership *practices and policies* can then be introduced to regulate the employment relationship inside the organisation, and to control work activities, in support of these principles. These are designed to establish and maintain the mutual trust between management and the workforce (whether mediated through trade unions or not) that is at the core of partnership. Mutual trust in turn should facilitate more collaborative and

constructive attitudes and behaviours, which in turn should allow for productivity improvements to be introduced; whether they are or not is up to the organisation. Partnership is thus an 'enabling' agreement only. Its *primary* objective is to elicit attitudinal and behavioural change in organisations that can in turn sanction and facilitate organisational change for improved performance. Shifts in attitudes and behaviours should be the main concern for research into partnership.

### **The hypothesis.**

My research hypothesis follows from this conclusion. In this research I examine the alleged links between 'partnership' forms of managing the employment relationship, and reported levels of mutual trust.

My central hypothesis is that the process of establishing 'genuine' workplace partnership (as I define it in chapter one), will increase the extent to which the organisation's employee relations are characterised by, and regulated according to, the principles of mutual trust (as I define it in chapter two).

A number of sub-hypotheses flow from this, namely that the greater the extension and exercise of partnership principles and practices in an organisation, the greater will be the reported levels of trust within the organisation. Relatedly, increased levels of trust under partnership should reduce, and may even eradicate, sentiments of 'us and them' (cf. Kelly & Kelly, 1990). Certainly, one might reasonably expect that in a fully-functioning partnership organisation there should be less reporting of conflicts and antagonisms. The more established the partnership, the more coherent and consistent should be respondents' reports of mutual trust. Additionally, the strength and depth of the trust forged will be decisive in determining whether an organisation can withstand and endure challenges to the new form of workplace co-operation.

Finally, the notion of partnership at work presently enjoys uncommonly broad support, but an historical perspective alerts us to the failure of such programmes in the past. (See chapter four.) There should then be a compelling reason or reasons why partnership is distinctively different from its ill-fated ancestors. One hypothesis might be that the present programme concentrates not on inflexible structures and

agendas which may prove unable to adapt to changing circumstances, but instead emphasises the development and management of flexible attitudes and behaviours that are informed by an overarching philosophy of mutual effort for mutual gain, and it is this long-term focus on the attitudes and behaviours that may prove crucial for the coherence and longevity of ‘partnership’ arrangements, when so many of its antecedents have floundered.

### **Thesis summary.**

The thesis is divided into seven chapters:

1. In the first chapter I assess the various definitions and conceptualisations of partnership, and argue for a robust and coherent standard definition of a “*genuine*” partnership organisation. This is identified by the presence of certain key principles and practices, and subsequent behaviours that correspond to the requirements for building and sustaining trust.
2. In the second chapter I examine the nature of trust at work. Using the literature on trust itself, as well as Walton and McKersie’s behavioural theory of labour negotiations (1965) and Axelrod on game theory (1984), I describe the processes by which trust is established, sustained and enhanced - or undermined and destroyed.
3. In the third chapter I link the two preceding chapters to present my theory on how partnership might be expected to generate mutual trust.
4. Before the case studies, I set the present phenomenon in context. Following a short review of the historical treatment of the similar programmes, I discuss the social, economic and legal frameworks in which the concept (re-) emerged in the UK in the 1990s. I try to account for its widespread appeal, if not its widespread adoption. I also trace the shifting focus of attention in industrial relations/ human resource management literature and the relatively recent interest in the notion of trust.
5. Chapter five outlines my chosen methodology – qualitative case studies - and the challenges that I faced in producing this research.
6. The sixth chapter is divided into four for each of my case studies: ‘WhiskyCo’ (a drinks manufacturer), ‘EngineParts’ (an auto components firm), ‘SchoolWear’ (a clothing design and distribution firm), and



‘NorthWest NHS Trust’ (an NHS Trust). For each I examine the content of the partnership agreement, and the subsequent arrangements for the management of the employment relationship, looking in particular at the behavioural and attitudinal processes *implied*, but above all, I seek evidence of them being *enacted*. I check these against the benchmarks for partnership identified in chapter one, and for trust-based relations identified in chapter two.

7. The final chapter draws the study toward conclusions, based primarily on the findings from the case studies. I comment on the viability of this method of managing workplace relations in the UK.

### **Significance of the research.**

To date there is no agreed definition of partnership; this research sets out an argument for a standard definition based on the foundations of the programme’s primary objective: trust. I hope that the focus on trust will go some way toward restoring this essential, and much-neglected, quality of the employment relationship to the forefront of academic research.

This research will take its place in a large canon of preceding work, in which scholars and practitioners alike have sought ways to manage the apparent conflict in the employment relationship, and to install and maintain productive co-operation for the mutual benefit of all concerned. My thesis contributes to this body of work.

More practically, the New Labour government has endorsed partnership at work as the central theme of its industrial relations legislation. The union recognition rights in 1999’s Employment Relations Act mean that this research should be of interest and use at currently non-unionised firms. It ought also to be useful in unionised firms where employee relations can be improved. But my deliberate inclusion of a non-union case study should extend the partnership debate outside the rather narrow confines of union-management relations; partnership might more fruitfully be viewed as a specific set of practices for managing the employment relationship.

The thesis begins with a discussion of the main construct: partnership.

## Chapter 1. A definition of partnership - principles and practices.

In the late 1990s in Britain the notion of partnership at work became an industrial relations phenomenon (just as it did to a similar degree in the United States, Canada, Australia and the Republic of Ireland: see respectively Kochan & Osterman, 1994; Grant, 1997; Peetz, 1996, and D'Art & Turner, 1999).

If not quite *"the only show in town"*, as claimed by many senior trade unionists, it certainly seemed the show to be seen at. Officially endorsed by the Labour government, promoted zealously by the TUC, and even - albeit rather more cautiously - by the CBI, 'partnership' in one form or another received an endorsement from almost everyone, from the Transport and General Workers' Union to the ardently right-wing Institute of Directors.

This near-universal approval, across such a startlingly broad political spectrum, brought upon partnership the inevitable accusation that it was all things to all comers, a *"portmanteau term which can hold a rich diversity of ideological baggage"* (cited in Ackers & Payne, 1998: p529). The malleability of the new creed troubled many in the congregation of its broad church, for differing interpretations seemed to welcome and, indeed, embrace heretics, atheists and apostates. There is a danger that partnership's *"inherent ambiguity"* (Bacon & Storey, 2000: p409) may undermine the potency of the idea, suggesting - as it surely does - a positive, enduring and committed pact for mutual gain between more or less equal participants. It is therefore important to reclaim 'partnership' from the myriad of almost Orwellian<sup>2</sup> employment situations to which the term has been applied. Without a robust definition partnership is vulnerable to the same abusive interpretations that did for 'empowerment' in the late 1980s - to be so corrupted that it is, ultimately, rendered meaningless. The ongoing confusion over an acceptable definition of partnership continues to hinder the debate about its value, purpose and potential within British workplaces.

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<sup>2</sup> By 'Orwellian' I mean that use of the word 'partnership' to describe patently unequal, even exploitative relationships - or perhaps more commonly only modest and faltering joint consultative initiatives - is reminiscent of the Big Brother maxims, "War Is Peace", and "Freedom Is Slavery".

### **What kind of partnership?**

Partnership is a term that has been applied to initiatives on several different levels. It is most commonly used to refer to workplace or organisational employee relations situations (Tailby & Winchester, 2000: p374), and this level is the subject of my thesis.

However, the term also refers to the 'European' model of 'social partnership', involving a long-established and institutionalised dialogue between different stakeholder constituencies on continent-wide social policy. The European Commission views this as a good thing in itself: "*essential pillars of our democratic society and social progress*" (European Commission, 1997: vii). For right-wing commentators these European connotations have "*tainted*" the idea, to use Ackers and Payne's word (op cit: p544).<sup>3</sup>

The term also refers to the broad range of national-level consultative arrangements evident in many European countries, German co-determination and the Dutch 'polder' model being two examples. Indeed, the UK's workplace partnerships owe a debt to European industrial relations systems in terms of vision and vocabulary (Terry, 2001). Many UK workforces have experienced the 'European style' – albeit for the most part in a somewhat diluted form - in European Works Councils (see Cressey, 1998, for an overview and a UK case study).

The progressive connotations of the term, suggesting a harmonious and mutually beneficial arrangement, have been of considerable rhetorical appeal to the New Labour government. It has used 'partnership' [they have shied away from the suspiciously European-/ socialist-sounding 'social' prefix] to describe its own one-off examples of national-level multi-constituency consultation on social policy, most notably over the national minimum wage (see Metcalf, 1999; Brown, 2000). Periodically, Gordon Brown suggests a multi-constituency congress on how to improve UK productivity, but although such a body has been convened – as the Productivity Initiative - little has come of it. Tri-partite consultation on social and

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<sup>3</sup> When Adair Turner, formerly the Director-General of the CBI, referred enthusiastically to the pan-continental union-employer agreement addressing racism at work as an example of 'social partnership' (reported by Taylor, 1996), he seemed to imply that a such a pact could be distinguished from other negotiated agreements by the positive and mutually acceptable outcomes.

economic policy remains a rare occurrence in the UK. In this sense of the word, 'partnership' echoes the 'stakeholder' model for the revival of social democracy (see Hutton, 1995).

Partnership can also describe *inter-organisational* collaborations, such as 'partnering' arrangements between suppliers and customers. It has also been used, rather more contentiously, to describe contractual relationships between private companies and public sector workforces to deliver public services - the so-called 'public-private partnerships'.<sup>4</sup>

The use of the word in this thesis refers exclusively to *intra-organisational* forms. Where this involves the presence of an independent trade union it is assumed that the partnership is with the union represented internally, and thus is still an *intra-organisational* relationship.

Before moving on to consider how we might best define workplace partnerships, it is important to note that 'partnership' has a statutory legal meaning. Charles Hanson (1992), in a letter to the IPA upon the launch of their manifesto for partnership (IPA, 1992), pointed to the 1890 Partnership Act's definition: "... *the relation which subsists between persons carrying on business in common with a view of profit*". Partners in this sense, Hanson observed, "*usually have a say in the management of a business, but the corollary of this is that they are fully liable for its losses up to the limit of their resources*" (ibid). Examples include solicitors or accountants' firms. Hanson doubted, correctly, that this was what people had in mind for workplace partnership, although as we shall see there are (weak) parallels.

### **Workplace partnership: toward a robust definition.**

Partnership's "*distinctive substance remains unclear*" and there remains "*no agreed definition*" (Guest and Peccei, 2001: p208). This is remarkable for such a contentious phenomenon that has been a major issue of debate in UK industrial relations for almost twelve years.

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<sup>4</sup> Concerns over the viability and mutuality of these relationships have meant that in media reports 'partnership' is often confined within wary inverted commas, rather than allowed to stand without reservation.

The term can correctly describe a collaborative endeavour at work between managers and employees, and it has been applied in this manner, notably over skills training and health and safety (see Munro & Rainbird, 2000). But to be considered a 'partnership' organisation involves significantly more than demonstrating temporary, calculative co-operation over one or a handful of workplace matters.

Fortunately, there has been a gradual convergence of credible definitions (see Ackers & Payne, 1998, for a nuanced review of the various incarnations), centring around five essential components at the heart of the three most influential and most commonly cited models of partnership, those of the the Involvement and Participation Association, hereafter IPA (1997) and the TUC (1999), and the academics David Guest and Riccardo Peccei (1998; 2001).

Substance is accorded to this dextrous and multi-purpose idea by the established presence of a 'bundle' of specific employee relations principles and practices. The essential components of these definitions are:

1. Joint commitment to the success of the enterprise
2. Mutual recognition of the legitimate role and/ or interests of each constituency - management, unions (where present), and employees
3. Structures and practices that allow for information sharing and consultation between the main constituencies at all levels of the organisation, featuring representative arrangements for an 'independent employee voice'
4. A determined attempt to address the balance needed between 'flexibility' and 'employment security', and
5. A mutual commitment and effort to develop and sustain intra-organisational *trust*.

Thus, to reiterate my central argument, the special focus of workplace partnership is *how* joint problem solving processes (element 3 above) can be used to establish a mutual commitment to success (1) among the acknowledged different constituencies (2), and also to develop relationships between them based on mutual trust (5). The central workplace concern over which mutual trust needs to be established is 'flexibility for employment security' (4), although there are others (such as sharing success and training).

Seven of the most prevalent definitions are set out in Table 1. Of these I review five in this chapter: those of the IPA, the TUC, the New Labour government, Guest and Peccei, and the trade union most prominently associated with the movement for partnership, the AEEU (now part of Amicus).

### **The IPA model.**

In this section I present the model of partnership put forward by the IPA, the leading proponents of the approach in Britain. The IPA model was produced by a team of senior business managers and senior trade union officials during 1992, revised and re-launched in 1994, and updated again in 1997. I propose to argue for it as the standard definition of what an enduring partnership should entail (although later in this chapter I assess its merits against the other four commonly discussed models).<sup>5</sup>

The IPA model remains, in my view, the best model for the following reasons:

1. It contains all of the essential components of ‘partnership’ whereas others, as can be seen from Table 1, do not.
2. Unlike many of the other conceptualisations and models, it goes beyond vague aspirations and platitudes to set out and describe a specific configurational ‘bundle’ of HR practices that, taken together, form a coherent model for managing the employment relationship.
3. These partnership practices are observable and measurable, and as such they help analysts to test for the presence and effectiveness of the arrangements.
4. The model is also a realistic and not overly ambitious programme (unlike some of the other models).
5. Importantly, it allows for the possibility of non-unionised forms of partnership, whereas others do not.
6. It is widely considered to be the most influential model in the development of British partnership arrangements. Robert Taylor called it “*the best example of the new consensual approach*” (Taylor, 1994: p200); Guest and Peccei judged it one of the “*most systematic*” definitions, along with the TUC’s (2001: p211); Roger Undy selected it as “*a reasonable measure of social partnership in the workplace*” (1999: p323). Its influence is apparent

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<sup>5</sup> I should declare an interest here. During the course of my PhD research I worked in a self-employed capacity for the IPA as their Research Manager. However, this thesis is all my own work. (For a discussion of the ethical implications of this, please refer to the Methodology chapter.)

in the near-identical principles adopted by the TUC, the Fabian Society for its 'Changing Work' report (1996), and the Industrial Society's 'Managing partnerships' (2001). John Knell, researching partnership for the DTI (1999), also used the IPA model as his standard definition.

7. It was the first formal conceptualisation of 'partnership: the 1990s version'; the 1992 document "*laid the foundations for the current debate*" (IRS, 2000a: p7; also Bacon & Storey, 1996: p41).
8. It has retained its content under stern criticism, and the fluctuating British economy, for a decade.
9. As Undy also noted (1999: p319), the IPA model has received admiring analysis from the moderate as well as the Left wings of industrial relations thinking. However, it is not without its critics.
10. Its influence is readily discernible, and often directly cited, in the arrangements at several partnership organisations.

In the IPA model, a set of partnership *commitments* [principles] is agreed among the organisation's main constituencies, and from these a set of specific partnership *building blocks* [practices and policies] are designed and introduced to regulate the employment relationship, and to control work activities. These are designed to establish and maintain *mutual trust*, to facilitate change in work activities, and to secure common benefits. I discuss the linkages in greater detail in chapter three.

The IPA model is presented in Figure 1 (my representation). As can be seen, the *principles* inform, and should in fact govern, how the *practices* through which partnership is enacted are both designed and subsequently conducted. The key practice is, in its essence, some form of joint problem solving at all levels of the organisation, with two main agenda items being employment security in exchange for flexibility and sharing the organisation's success. The outcomes are, simultaneously, a 'partnership' arrangement, and some level of mutual trust (with the latter being confined in Figure 1 within square brackets to indicate that trust is by no means either an inevitable or a permanent outcome, as we shall see).

**Table 1 - PARTNERSHIP DEFINITIONS – A TYPOLOGY.**

♥ = Principle

♦ = Practice.

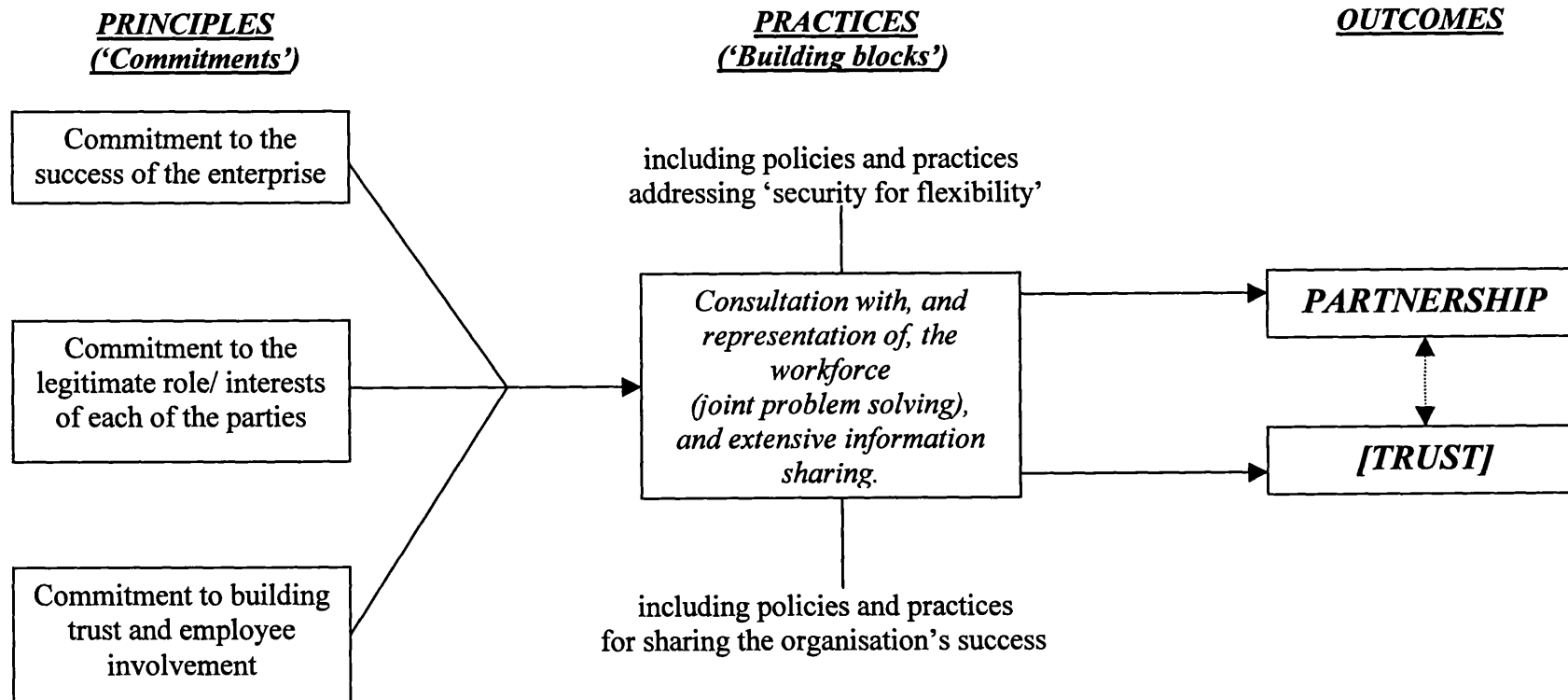
	IPA	NEW LABOUR	TUC	GUEST/ PECCEI	AEEU	CBI	EC
Commitment to success of the enterprise	♥	♥	♥	♥	♥	♥	♥
Recognising legitimate and separate roles/ interests	♥		♥	♥implied?	♥		♥
Building trust	♥	♥			♥		♥
Employment security for flexibility/ employability	♦	♦ implied	♥ & ♦	♥ & ♦	♥ & ♦		♦
Addressing the quality of working life/ fulfilling & ‘empowered’ work (e.g.: flexible job design, team working)		♦	♥ & ♦	♥ & ♦			♥ & ♦
Information sharing/ transparency of information	♦	♥ & ♦	♥ & ♦	♥ & ♦	♦ implied		♥ & ♦
Sharing the success of the organisation	♦	♦ implied		♥ & ♦ (ESOPs)	♦ implied		♦
Representation of the workforce/ provision for an employee voice	♦		♥ & ♦ implied	♥ & ♦	♥ & ♦ implied		
Consulting staff on immediate work issues	♦		♥ & ♦ implied	♦	♥ & ♦ implied		
Consulting staff on organisational policy	♦		♥ & ♦ implied	♦	♥ & ♦ implied		♥ & ♦
Training/ staff development/ lifelong learning	♦ implied	♥ & ♦	♦	♥ & ♦	♥ & ♦	♦	♥ & ♦
Harmonisation/ single-status terms and conditions	♦ implied			♥ & ♦			
[Provision of] employee rights and benefits				♥			
[Fulfilling] employee responsibilities				♥			
Good treatment of employees now and in the future	♥ implied		♥ implied	♥			
Performance management				♦			
Equal opportunities/ fair treatment				♦	♥		♥ & ♦
Extending ‘partnership’ to the community		♥ & ♦			♥		

**NB:** ‘implied’ denotes where a principle or practice is not fully articulated and only mentioned briefly, or where one is expected to infer that it is present.

**Sources:** IPA (1997): “Towards industrial partnership: new ways of working in British companies”; New Labour (DTI, 1999; 1999b): “Partnerships: fit for the future”; “Competitiveness through partnerships”; TUC (1999): “Partners for progress”; Guest & Peccei (1998): “The partnership company: benchmarks for the future”; AEEU (1999): “A partnership contract with British industry”; CBI: 1998 conference papers, also speech by Adair Turner at the TUC’s ‘Partners for Progress’ conference, 1999; European Commission (1997): “Green paper: partnership for a new organisation of work”.



**Figure 1: The IPA Partnership model.**



With its emphasis on normative principles and loose prescriptions for how joint problem solving might be structured, the IPA's partnership model is fundamentally a *qualitative* approach to employment relations (Hyman, 1997). Partnership is concerned primarily with the *processes* by which organisational decisions and outcomes are determined. As the authors have reflected, partnership is:

*"... not so much about institutions or methods, as about attitudes and culture. It is a question of building mutual trust, of recognising differences and finding common ground"* (Coupar & Stevens, 1998: p145).

IDS analysts, drawing on six unionised case studies, concur:

*"What marks out the partnership approach as being distinctive is the spirit in which things are done. Time is not taken up defending unreasonable positions; instead more emphasis is placed on problem solving and on reaching decisions by consensus in an atmosphere of greater trust and openness"* (IDS, 1998: p2).

Attention to the style and conduct, rather than the structures, of consultation and joint problem solving is a feature of many interpretations of partnership. Guest and Peccei echo the attitudinal and behavioural emphasis in partnership models, when they cite as a *"key notion... some idea of working effectively together to achieve shared or complementary goals"* (2001: p212). Mutuality and trust are the bases for this relationship.

Larry Adams, a leading US consultant on labour-management partnerships, argued in an influential policy paper for ACAS that partnership's objective is subtly different from traditional bargaining. It is to generate an agreement based not on adversarial conflict resolution, but on consensus and a joint commitment to the agreement:

*"... to identify those areas where labour and management interests are congruent and to use them as the primary building blocks of a more positive and constructive alliance"* (Adams, 1993: p20).

Walton and McKersie (1965) delineated the distinction as between 'distributive' and 'integrative' bargaining. The USDAW trade union explained it in to their members as *"problem-solving, not problem-stating"* (USDAW, 1998: p6).

### **The three IPA ‘commitments’.<sup>6</sup>**

The three principles, or ‘commitments’, provide coherence to the strategy for managing people.

The first - to “*the success of the enterprise*” - is a unitarist aspiration, and represents something of a conscious shift in mind-set for many British trade unionists and managers. Tailby has noted that “*what is distinctive about the 1990s initiatives [distinguishing partnership from earlier similar programmes] is the effort to enlist employee support for company objectives*” (Tailby, 2000: p5). This has its own (supposed) logic: if the company’s profits are healthy, then so will be the prospects of the employees. Few employees are likely to object to wanting their place of work to do well. Commitment to the success of the enterprise is not a problematic objective in itself, although definition of what constitutes success may differ, sometimes sharply, as indeed may the method and plans for securing success. Thus, the principle is not sufficient in itself; it is the *means* through which success is sought that is more significant.

I shall take the commitments in a different order to that provided by the IPA to support my central thesis (the order in the model has no significance). The third commitment – to “*recognising the legitimate role and interests of each partner*” - by implication accepts the potential for conflict. Employee representatives are charged with furthering their colleagues’ best interests (Flanders, 1970: pp19-20), while management teams are required to maximise shareholder profit, or to improve services to certain agreed targets. This separation of interests has long been acknowledged in collective bargaining arrangements, and even articulated in the terms of reference in agreed deals. The issue then is how this commitment is translated into control mechanisms for managing work.

As with the first commitment, it is not intended to merely sit among the opening statements in the ‘partnership agreement’, with little or no weight beyond the depth of the platitude. In a genuine partnership arrangement, this understanding is backed up with the means for each partner to fulfil their “*legitimate role*” effectively, for their own interests and for those of the organisation. It necessarily implies that

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<sup>6</sup> All IPA citations are taken from the 1997 report, unless otherwise stated.

mutual gains should be pursued in a spirit of joint problem solving. This principle is also important so that one party may not, in Hayne and Allen's terminology, "*delimit the other party's opportunities to participate in and benefit from the relationship*" (Hayne and Allen, 1999).

For firms where there is no independent employee representation provided by a trade union, this commitment requires managers to at least be aware of, and sensitive to, the potential for conflicting interests between them and the organisation's employees, and to make a sincere and determined effort to seek a balance between these different needs.

The final commitment - "*To building trust, and greater employee involvement*" – is, as I argue in this thesis, central to the success or otherwise of partnership. As Hayne and Allen put it: "*By its very nature partnership requires higher levels of trust*" (ibid). I examine trust more thoroughly in chapter two. Suffice at this stage to say that the significance of the development of trust can be gleaned from its status as:

- A necessary pre-condition of partnership
- The process through which the partnership practices are utilised in order to conceive and realise partnership
- One of the most important outcomes of partnership, and
- The main method for monitoring progress toward partnership, and constraining 'anti-partnership' actions.

Trust exerts its influence before, during and after a partnership agreement has been signed.

On "*employee involvement*", the IPA authors are content, as far as the principle is concerned that it simply be articulated; that organisations commit to involving their employees more in the planning, implementation and execution of new working practices, as well as with any reviews seeking improvements. (Typical practices are suggested below.)

There is significant research indicating that employees want, and often seem to relish the "*responsible autonomy*" Friedman (1977) long ago advocated by as an

optimum means of regulating work that employee involvement schemes can offer. Wall and Lischeron (1977) noted the popularity among shopfloor employees for input into decision-making at the local level, nearest to their place of work, and less enthusiasm for involvement in decisions taken higher up, toward the ‘strategic apex’ of the firm. Marchington and colleagues’ research (Marchington, Goodman, Wilkinson, & Ackers, 1992) for the then Department of Employment even found a link between greater use of employee involvement practices, and reported levels of employer-employee trust. Sceptics question whether employee involvement initiatives are euphemisms for work intensification and/ or the marginalisation of recognised trade unions. But it is clear that the IPA does not endorse this usage. That said, it can be that partnership does offer a deceptive smokescreen for either covert objective.

### **The strength of the commitments.**

The authors of the IPA model consider that for a partnership to be successful and durable, all three commitments need to be firmly held and passionately defended *principles*. Thus, following Schein’s model of organisational culture (Schein, 1986), these commitments should not just be manifested in the “*artefacts and creations*” of the organisation, such as warm words in the corporate mission statement, but be firmly rooted in the “*values*” and “*organisational beliefs*” about the nature of the employment relationship and how it is best managed. In Mintzberg’s work, the three commitments correspond to the need for an “*overarching ideology*” informing the organisation’s behaviour (see Mintzberg, 1983: p294).

Organisational principles tend to be formulated and embodied in the senior leaders. ACAS concurs with the IPA in urging senior managers to take an active role in promoting and sustaining these principles, lest partnership be dismissed by employees and/ or their representatives as a ‘flavour-of-the-month’ gimmick from HR/ Personnel: “*The process works best where leadership comes from the top and where individuals – both management and worker representatives – demonstrate personal commitment to the joint approach*” (ACAS, 1999: p7). They note that, as partnership becomes fashionable, the inclination to view it with scepticism will “*likely become more profound*” (ibid).

Guest and Peccei's research identified a firm link between organisations expressing a strong adherence to the principles of partnership, and the implementation of the prescribed set of partnership practices. A clear and resolute *belief* in the value of the partnership principles was strongly associated with progress toward partnership (1998: p6; 2001: p231). They recommend that these principles be sufficiently widely endorsed throughout the organisation (2001), whether articulated in a statement of intent or code of conduct, or approved in a workforce ballot, or perhaps even implicitly acknowledged by the key industrial relations protagonists.

### **The four 'building blocks'.**

The principles must be underpinned by *practices* that translate the "*warm words*" into action and tangible outcomes, without which the principles are devoid of legitimacy and conviction. For example, an organisation might claim an aspiration to "*maximise employment security*", but to be credible (rather than facile) this ambition must have supporting policies and practices in place. And yet the policies and practices have as a point of reference the principles that they are designed to uphold and disseminate – answering the question "*why*" the practices are introduced.

In order to assess the depth of the company's sincere "*belief*" in the partnership principles, one must examine the implementation of the partnership practices. Again, it is the *means* through which these principles are enacted that is of critical interest, rather than the wording of an agreement. To these I now turn.

The four IPA 'building blocks' constitute a set of operating policies and practices for managing a workforce, controlling work activities, securing performance improvements and linking employees' reward to organisational success. The 'bundle' of practices is an attempt to provide for some form of mutual gain for all constituencies.

Taking the building blocks in a different order as well to better represent my central argument, "*informing and consulting the workforce at the workplace and company level*" and "*representation of the interests of the employees*" are the core practices of partnership. This follows logically from the three principles, particularly the

acknowledgement that the different constituencies have different interests at work that need to be heard, respected and addressed.

The two practices provide the process through which partnership is established and conducted (or thwarted), and the outcomes secured. Indeed, Marchington understands partnership to mean *“managements willing to share ideas with employee representatives, offer them the opportunity to become involved in joint problem solving and generally support their roles and activities...”* (Marchington, 1996).

While Guest and Peccei observed widespread support among IPA member organisations for the principle of consulting staff, there was *“less unanimity about the mechanisms to achieve this”* (1998: p8). In practice, these ‘building blocks’ take the form of consultative problem solving arrangements working at a range of levels within the organisation, from the nearest to different constituencies’ workplace up to the strategic level (IRS, 2000a: p7). The input should certainly be in direct forms, such as quality circles, team briefings, joint problem solving teams and continuous improvement groups. It can come in indirect forms via employee representatives too, such as in works councils or staff forums, and in a series of joint working parties. The presence of a trade union is valuable, and even to be recommended, but in the IPA model is not considered essential. (See a further discussion below.)

Advocates of partnership differ in their views of the strength of the consultation. Many unions are seeking German-style co-determination (i.e.: joint decision-making, with an employees’ power of veto). This is unrealistic in the UK, for the moment. However, for the input from employees in joint problem solving to have any credibility in a context of ‘partnership’ all parties should have significant influence on the outcome of the decisions taken. Employees’ proactive input needs to be considered and acted upon before the decision is taken, rather than sought after the fact in a cosmetic, *“sham”* consultation (TUC, 1999).<sup>7</sup>

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<sup>7</sup> As Roger Lyons of MSF [now Amicus] has argued, “responsibility without the ability to influence the original decision in the first instance is often a means of simply ‘passing the buck’.”

What ‘consultation’ is understood to mean is expanded opportunities for involvement in the decision-making process, the ultimate outcome resting still in the hands of management. Wedderburn has called it “*strong consultation*”, distinguishing it from managerial unilateralism dressed up with a token request for employee comment. Provis has cited unions’ desire for “*persuasion and dialogue rather than threats and offers... consultation rather than bargaining*” (Provis, 1996: p485-6). John Monks, in an apt quote, describes an emphasis in process “*less on democratic and equal division of managerial power and more on extending workers’ influence*” (cited in Ackers and Payne, 1998: p537). Wood (2000) cites as a distinguishing factor of partnership that arrangements that they involve “*reconfiguring the representative systems so that bargaining institutions no longer necessarily dominate*”. But, he notes, they “*give commitments to increase the involvement of the workforce in strategic business matters and to the provision of information for employees about business development and performance*”.

IRS (1997: p3) distinguished between what they termed ‘partnership’ (“*the organisation involves employees in drawing up and execution of company policies, but retains the right to manage*”) and ‘power sharing’ (“*employees are involved in day-to-day and strategic decision-making*”). It is not obvious what distinction is being made here; what IRS considers ‘partnership’ could be met with a modest set of employee briefings. So, for an organisation to truly lay claim to partnership status under the IPA model, it is apparent that they should be demonstrating ‘power sharing’ under the IRS definition, although the IPA would never use this ideologically-charged term.

Marchington et al’s CIPD research into employee voice provisions (CIPD, 2001: p4) distinguishes between a “*contribution to decision-making*” and even more a “*demonstration of mutuality and co-operative relations*”. However, the research team’s study of 18 organisations’ use of ‘employee voice’ found a marked managerial preference for styles of consultation that “*accentuate the positive and eliminate the negative*”. While only a few of the 18 might claim to be ‘partnership’ organisations, it is helpful to look out for explicit or implicit behavioural constraints put on what the ‘employee voice’ says, and how it is said.



In order to make the consultation meaningful, and to prevent them from descending into low-level ‘tea and toilets’ discussions, employees (and their representatives, where present) need to be knowledgeable, and armed with sufficient information to make a useful contribution. The exchange of information on organisational context - its concerns, strategies and opportunities – needs to be timely, expansive, open and high-level (i.e.: including sensitive strategic information). Case (1997), writing about the American notion of ‘open-book management’, has explained the value of information sharing as providing the ‘why’ for proposed change programmes from the outset. With a clear appreciation of the reasons for the need to change, Case argues, all parties will want to seek the ‘how’. Relatedly, and in keeping with the principle recognising the legitimate role of employee representatives, they should be trained to be able to digest, analyse and act upon the information given. Certainly a basic introduction to business finance and reading financial books is valuable.

The information sharing needs to be sincere, consistent, and two-way in order for the workforce to confer upon it the legitimacy that is its oxygen:

*“To achieve this adaptability demands a culture which maximises the exchange of information, laterally, upwards and downwards, one which encourages employees to take responsibility for what they are doing, to know as much as possible about the performance of the business and to express opinions without fear of reprisal”* (IPA: p11; also ACAS, 1999, p7).

The scope of the agenda is enlarged in partnership arrangements over more traditional bargaining areas of concern, to include *“all facets of the business at national level”* (IRS, 2000a: p7); *“the agenda of any employee forum at company level needs to be strategic, business-focussed, meet employee needs and adequately cover the legal requirements to consult...”* (IPA: p15). This includes input into strategic decisions, quality through employee involvement, HR policies, training and education, internal communication systems, and corporate values:

*“The challenge is to develop machinery which both maximises staff input into decisions yet ensures that a focus on the business goals is maintained and decisions are not endlessly delayed”* (IPA: p12).

With the expansion of the agenda the frequency of consultation also increases under partnership (USDAW, 1998: p4). Employees (and their representatives where present) expect to be involved in most decision-making processes. It had often been

true in unionised firms that the union and management teams tended to meet only for the annual pay round; under partnership the amount of contact time increases.

The extent to which this joint problem solving is realised reflects *“the philosophy and style of the company”*, suggests the IPA (p11). If joint problem solving is implemented to a sufficiently high quality at all levels, it can demonstrate a clear effort to facilitate the pluralist mediation of interests that is critical for the success of the partnership model. Employees’ input into decision-making confers upon the decisions a legitimacy and a sense of justice that is unlikely to be present in a unilaterally-imposed managerial edict: *“In effecting changes an association of equals is preferable to a hierarchical organisation”* (ACAS Wales, 1993: p3). Joint problem solving can smooth the process of change management, reducing resistance to change, and even committing parties to succeeding in the implementation of change. Fernie and Metcalf (1995) and Sako (1998) have each found positive benefits in both performance and industrial relations climate from the provision of an employee voice.

Other HR policies, such as consistent use of employee attitude surveys, complement but in no way adequately replace this building block.

As can be seen the structures for consultation are neither substantially different nor radically new. But the agenda is wider, the meetings more frequent, and most importantly, the approach to the issues is qualitatively different.

The chief agenda item for the joint problem solving is *“recognition of the employee’s need for employment security and the company’s need to maximise flexibility”* (IPA, p2). This *“conundrum”*, as the IPA has called it, would seem to encapsulate the central issue at the ‘frontier of control’ in the present era of employment relations. In several surveys, notably those conducted by Mori on behalf of the GMB trade union, employees place job/ employment security consistently highly as an important feature of their employment. It has typically outscored more traditional industrial relations concerns such as better basic pay.<sup>8</sup>

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<sup>8</sup> Figures for 1997 saw “job security” ranked top (56%), followed by “having a job that you find interesting and enjoyable” (54%), with “basic pay” ranked fourth (41%) (figures from a conference presentation handout).

White and Hill's forthcoming research for the ESRC (cited in Taylor, 2001: p15) found employment security to rank second after having an 'interesting job' and above a sense of positive achievement, and having an input into work matters affecting them ('employee voice'). Equally, managers regularly recite their desire to create a flexible and committed workforce, not to mention that rather trite soundbite that their people are their 'greatest asset'. Thus, for organisations to seek to marry successfully these two is laudably pluralist. It is one of the four pillars of the EC's European employment strategy.

Employment security has long been endorsed as a critical component in any 'bundle' of best or ideal HRM practices. Walton wrote in his essay, 'From control to commitment', that managers must also make every effort to "*avoid, defer and minimise layoffs from higher productivity*" (1985: p83). More recently, employment security was identified by Delery and Doty (1996: p820), and by Ichniowski, Shaw and Prennushi (1997: p312) as having a demonstrable effect on performance, as part of a coherent set of HRM practices. Partnership organisations would be expected to place considerable emphasis on securing this balance of interests.

In practice, the commitment from organisations is not a 'job-for-life'; it is instead *employment* security. This error is too often a lazy, or even wilfully deceitful, misunderstanding. The IPA describes the arrangement as providing "*a stable employment framework*" and an attempt to "*maximise a sense of security while reducing the numbers employed within the organisation*" (IPA: p2, my emphasis). Permanent isolation and protection from job losses is no longer a reasonable expectation (Robert Reich, in the Financial Times, 6 March 1996) - if it ever was.

Most practitioners would argue that this policy requires, ideally, a no-compulsory redundancy pledge, bolstered by a commitment to pursue all other options – such as voluntary redundancies, retraining and redeployment – before making job cuts. (In a letter to the IPA at the time of 'Toward industrial partnership', Lord McCarthy also expressed "*the hope that partnership goes with an above-average reluctance to outsource*".) 'Employability', by which is meant provision of skills training and learning opportunities at work, forms part of the policy. It may also involve a multi-year pay deal, stabilising the potentially contentious issue of pay over an extended

period of time. Long-term pay deals have been advocated by the Chancellor (Financial Times, 13 September 2000).

With this distinction in mind, then, one ought not to express too much surprise, as Hall did (cited in Munro & Rainbird, 2000: p226), when large-scale redundancies take place in a partnership organisation. The issue, for the IPA and other partnership advocates, is *how* the redundancies are handled, and agreed upon; not whether they happen or not.<sup>9</sup>

Such guarantees can be for fixed terms only (prompting the question from employees, “*what happens then?*”). Additionally, many contain get-out clauses related to unforeseeable shifts in commercial circumstances (such as the celebrated Blue Circle agreement). Thus, given these attendant uncertainties, employment security policies should be complemented with the careful management of employees’ expectations and needs, through information sharing and joint problem solving, as well as support, should redundancy become a *fait accompli*. Where trade unions are present, there should be a joint approach to managing the fall-out of redundancies. The explicit terms and procedures should be jointly designed.

If carefully planned and implemented, an employment security guarantee can foster a sense of common purpose, a feeling of all working under similar conditions (and a similar threat). This policy can provide the ‘safety net’ of assurance that then facilitates progress in joint problem solving. It does so by removing the constraining fear among employees that to accept the new regime of flexible work practices may threaten their jobs: the ‘turkeys voting for Christmas’ scenario. It also demonstrates respect for employees, and the value of their contribution, and concurs with the assertion in the original IPA document that “*people work best if they have some sense of being secure in their job*” (IPA: p2).

Poor management of redundancy in a partnership, however, can fracture trust in an instant, sending companies back to ‘square one’. The IPA concedes that it is

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<sup>9</sup> A union official from ‘WhiskyCo’ reported that, although his members were disheartened by a plant closure, they maintained exceptional performance levels throughout, because, he argued, the redundancy programme had been jointly and fairly managed (conversation with author). Similarly, when Barclays followed the launch of their 1999 partnership agreement with UNIFI with 6,000 redundancies the next week, the union described the redundancy management as “*a model for the industry*” (IRS, 1999).

precisely the fear of breaking such a trust that deters companies from working toward employment security, and lurches them toward ‘tough talk’ and ‘no promises’: *“Mishandling of the security issue has damaged companies more than they expected”* (IPA: p8).

*“Sharing success within the company”* - the fourth and final ‘building block’ - is held to *“assist businesses in breaking through barriers holding back flexibility”* (IPA: p2) by addressing the not unreasonable ‘what’s-in-it-for-me?’ response from sceptical employees. As one management consultant has noted:

*“Unless the parties are very clear that things will be significantly different and better within the terms of a partnership then the energy needed to ensure it is a success will not be sustained”* (Irvine, 1998: p9).

The principal means are employee share ownership and profit sharing, or gainsharing bonuses. Such incentive schemes can tie employees’ loyalties more concretely to the aims of the organisation, since success brings benefits to the employees. Employees benefiting from organisational success in this way can serve to break down barriers of ‘us’ and ‘them’ toward a ‘we’, although the research evidence for this, and for the link with motivation and commitment, remains contested, with Poole and Jenkins (1990), and Freeman (2001), arguing in favour. If companies can manage to avoid disparities of reward among grades within the organisation - the often-observed phenomenon of senior executives receiving vastly superior bonuses and share options to their sub-ordinates - then fair and transparent profit-sharing can clearly be a valuable, genuinely unitarist building block for partnership. It also raises awareness among employees of the overall performance levels and realities, and can aid performance management. That said, it can equally be de-motivating if it is unfocussed, or if an organisation is undergoing a less profitable period.

Single-status terms and conditions and harmonisation are also important for the *“symbolic”* role the effort displays, that all of the firm’s employees are treated (more or less) equally. This can unify all employees, to all be positioned along the same single pay spine, and subject to the same criterion for promotion. If consistently implemented, this can yield a greater contribution to partnership than the uncertainties of profit-sharing. 90% of respondents in Guest and Peccei’s

research confirmed that their employees are on harmonised terms and conditions (1998).

With one eye on the public sector, the IPA argued that sharing success need not be solely monetary: celebrating organisational performance achievements, staff days out, even simple praise and appreciation are also valid and worthwhile examples of sharing success.

### **Other partnership models.**

Of the seven set out in Table 1 above, four merit detailed discussion here: the New Labour government's, the TUC's, and that of the principal union associated with such deals, the AEEU, plus Guest and Peccei's HRM-inspired model of partnership.

### **The New Labour government.**

Partnership found official sanction as the central theme of New Labour's employee relations policy for the 1997 general election, alongside a position of "*fairness, not favours*" toward the unions. Once in government Blair wrote in the foreword to the white paper that he wanted "*nothing less than to change the culture of work* [to one based on partnership]". Note the focus on culture, rather than institutions or systems. It became the government's stated ambition to "*replace the notion of conflict between employers and employees with the promotion of partnership*" (DTI, 1998: p1). The government has since been reluctant to spell out exactly what it means by partnership, and for lack of a clearer statement Undy (1999: p319) assumed [writing in 1998] that New Labour endorsed the IPA model. From an examination of the government's pronouncements on partnership this assumption would seem misplaced. The government's publicly available conceptualisations have been characterised by markedly unitarist and individualistic language. The key DTI report on partnership is 'Competitiveness through partnerships with people' (DTI, 1999b). It sets out five 'paths to sustained success', which are:

1. Shared goals
2. Shared culture
3. Shared learning
4. Shared effort, and
5. Shared information.

The definition shares two of the IPA's principles – commitment to success and to building trust (*"shared culture"* above) - but tellingly not the recognition that there might be legitimate interests that employees might want to pursue separate from those of their employer.

As for partnership practices, the government endorses efforts to secure flexible work practices in exchange for employment security, as well as for job re-design and training to create interesting and worthwhile jobs. While not in any 'partnership' text, the Chancellor introduced the all-employee share ownership plan in March 2000, one option of which is called the 'partnership', since augmented with tax breaks.

The glaring omission of course is any comment whatever on consultative arrangements. The government supports information sharing, and some means of allowing employee input into planning, but this would seem to fall far short of joint problem solving. The government is silent meanwhile on 'representation'. Blair signed Britain up for the Social Chapter, and he did provide the keynote address at the TUC's 'Partners for progress' launch, where he argued that *"Britain works best when unions and employers work together"*. However, the rhetoric belies an at best lukewarm enthusiasm for consultative forms of partnership, as evidenced by the outright hostility to the EC's forthcoming directive on information and consultation.

Smith and Morton (2001) have further argued that the 1999 Employment Relations Act poses considerable obstacles to unions seeking recognition rights, and this too points to a reticent attitude toward promoting partnership, if the term is to be defined as an enduring and committed pact for mutual gain between more or less equal participants. While the 1999 reforms went some way toward redressing the imbalance between employer and employee on an individual basis, they fell well short of formal EU-style institutionalised structures.

Thus, in the present government's eyes, in common with the IPA, partnership *is* about attitudes and behaviours. However, the IPA does recognise that different interests need to be addressed, and that established, formal joint problem solving

structures are the best means of achieving this. Without mechanisms for consulting staff the government's model of partnership seems to rely a great deal on the enlightened benevolence and humility of British employers – neither of which has been much in evidence in the last 20 years (Wood, 2000).

### **The TUC model.**

From specially-commissioned research (Cave, 1998) of 20 unionised firms that had gone down the partnership route, the TUC envisaged partnership straddling three related agendas: economic development, training, and the workplace. The latter involves *“models of work organisation that both enhance productivity and competitiveness and also give protection to the individual”* (TUC, 1997). From this analysis emerged the six ‘principles’ of partnership that have since been formally adopted and promoted by the TUC (1999), and many of its affiliate unions:

1. Commitment to the success of the organisation (by which is meant a *“shared understanding of, and commitment to, the business goals”* of the enterprise, *“embracing best practice”* and *“replacing adversarial employee relations”*).
2. Recognising legitimate interests (a principle that *“underpins true partnership”*, the *“constructive engagement”* implied distinguishes it from *“sham”* exercises in employee involvement; it necessarily implies a relationship based on *“trust and respect”*).
3. Commitment to employment security (reiterating the IPA search for a balance between flexible work practices and employment security, confirming that by the latter is meant no compulsory redundancies, and joint problem solving on staffing levels).
4. Focus on the quality of working life (by which is meant considerable resources ploughed into training and personal development).
5. Transparency (the ready dissemination of *“hard and unvarnished”* information, and an *“openness”* about strategic and operational plans at the earliest *“glint-in-the-eye”* stage, with a commitment to at least consider alternative proposals), and finally -
6. Adding value (which, for the TUC, means organisational success, increased union influence, and secure jobs for employees/ members).



As can be seen, the only significant differences between the TUC's model and that of the IPA is the absence of the notion of trust, although trust-based relationships are considered the overarching objective of partnership. Also, we are required to assume that a unionised definition necessarily involves joint consultation, although this too is absent. The TUC places greater emphasis on quality of working life issues, such as job re-design, family-friendly policies, and training - although the IPA endorses training as part of a best practice employment security policy (IPA, 1997: p8).

The truly curious omission from both the TUC model, and that of the AEEU below, and indeed of any trade union interpretation of partnership, is the idea of employees "*sharing the success*" of the enterprise, whether financially or otherwise. One can only speculate that unions avoid pay issues so as not to scare off future employer 'partners', or even that the TUC avoids mention of pay systems other than those arrived at through collective bargaining to avoid alienating some of its affiliates, many of whom remain hostile to profit-sharing and employee share ownership.

The TUC is opposed to prescriptive restrictions on how its affiliate unions might interpret these guidelines, and Brown has duly noted substantial variation in themes and emphases (2000: p306).<sup>10</sup>

### **The AEEU model.**

The AEEU trade union is at the forefront of the agenda for partnership at work. It lists its seven principles of 'A partnership with British industry' (AEEU, 1999) thus:

1. Developing trust through expanding quality communications
2. Joint commitment to profitable companies
3. The only basis for discrimination of any sort is competence
4. Enlarge motivation and commitment at work through lifelong learning
5. Encourage the flexible workforce through prioritising employment security
6. Respect each other's institutions, cultures and reputations
7. Direct the focus of partnership outside towards our communities, customers and suppliers.

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<sup>10</sup> For example, the AEEU stresses high productivity, flexible work practices employment security, compulsory arbitration [and even no-strike deals] and regular consultation. The GMB concentrates on quality of working life, especially more interesting jobs, as a means for securing employee commitment.

On their own these principles would appear to offer little in the way of representative input for the union. Indeed, by deleting number 6, a non-unionised organisation could reasonably claim to be a ‘partnership’ organisation against these criteria.

The AEEU’s document expands upon how these principles are translated into practice, by way of an exchange of “*pledges*”. These include, in sketchy detail, a balance to be struck between employment security and flexibility, with the acceptance by the union that only profitable firms can offer employment security. Another pledge from managers to the union is for “*a range of consultation and communication systems, including regular contact with the union, that deal with issues of concern to the workforce before they are set in stone*” (ibid: p5).

What is meant by the consultative procedures is left unclear; there is no comment on the organisational level at which this should take place, or what the agenda should cover, or the nature of the consultation – whether mere information sharing or more robust joint problem solving. There is also a call for jointly designed and transparent reward systems that “*celebrate success*”. Finally, and uniquely, the AEEU emphasises non-discriminatory policies and extending partnership beyond the workplace.

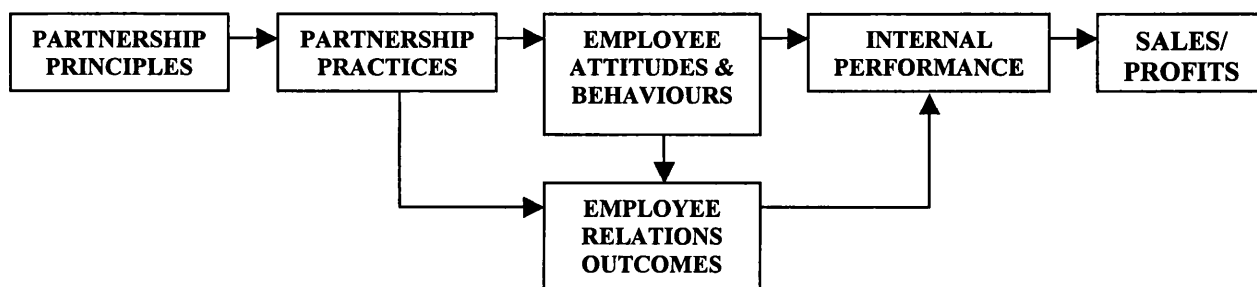
What is also not mentioned is the AEEU’s tolerance, and often vociferous support, for no-strike clauses as part of partnership arrangements. In 2001 the AEEU’s General Secretary, Sir Ken Jackson, called for an extension to the number of no-strike deals signed by unions. This stance is controversial and has been subject to withering criticism from the Left of the union movement (see Walsh, 1999).

Additionally, it would seem from media reports of agreements hailed by the AEEU as a ‘partnership’ that few contain all of the elements of this ‘ideal-type’.

### **The Guest and Peccei (1998) model.<sup>11</sup>**

Guest and Peccei's HRM-influenced model (Figure 2), based on survey responses from 82 IPA member organisations, shares clear commonalities with the IPA's (Figure 1). Conceptually, partnership principles inform partnership practices, and the impact on organisational performance is refracted through transformations in employees' attitudes and behaviours and improved employee relations.

**Figure 2 – The Guest and Peccei model (p16).**



Guest and Peccei investigated the impact of 15 different *principles* (p23) integrated into 4 overall categories, and 8 categories of *practices*, comprising 33 different practices (pp25-27). Some break the IPA's 'building blocks' down into distinct parts (for example, 'information sharing and consultation' is separated into direct and indirect forms, and then further according to subject matter); others meld IPA 'building blocks' together (such as 'communication' with 'harmonisation' and 'employment security'), while a weakness is that only one option is offered for 'sharing success' (employee share ownership), which unnecessarily excludes worthwhile alternatives such as gainsharing, profit-related pay and, for the public sector, non-monetary forms of celebrating achievement.

Their findings proved agnostic about the nature and impact of partnership. No less than 13 of the 15 principles generated noteworthy differences in adherence between 'high' and 'low' partnerships, with attention to employment security, sharing success and provision for an employee voice all significant (p6; pp22-23). The two omitted referred explicitly to more 'radical' pluralist process: employees' control of their work and the right to collective representation. The practices which seemed to best instil positive employee attitudes and behaviours were flexible job re-designs,

<sup>11</sup> All citations in this discussion are from the 1998 report, unless specified.

quality initiatives, and both direct and indirect participation combined – albeit only on certain issues (p38). This particular ‘bundle’, plus employee share ownership, also produced the best overall results (2001: p232). However, most of the other 20-odd practices could also be found in ‘high’ partnerships, but statistical analysis did not bestow upon them significance.

This bundle resembles closely the IPA’s ‘building blocks’, except for the absence of ‘employment security’, although this did feature as a principle and was found to contribute to a positive psychological contract (p38). Those organisations that allowed staff influence on policy decisions seemed to enjoy “*considerable... pay-offs in terms of positive employee attitudes and behaviour*” (p38), providing supporting evidence for the centrality of all-level joint problem solving and employee involvement. Representative participation on its own had a negative effect (2001: p232), and a lower level of union recognition was associated with high progress toward partnership (p31), which suggests that a ‘traditional’ industrial relations set-up, uninformed by ‘partnership’, is not sufficient. There *is* something *qualitatively* different about partnership. Depressingly, even among IPA members, evidence of partnership, and its parts, was limited.<sup>12</sup>

While Guest and Peccei’s bundle reinforces the essence of the IPA model, the latter’s simplicity allows within its principled parameters rather more flexible interpretations on partnership’s content and structure and, importantly, its less ambitious three principles are more likely to find favour. One would not expect to find too many ‘Guest and Peccei-style’ partnerships, given that this seems to require adherence to 13 demanding principles (p6) and use of the majority of 33 practices – and so it proved. But above all the IPA model avoids prescriptive concerns over structures and content to stress *qualitative* attention to improving *processes, attitudes and behaviours*, without which Guest and Peccei acknowledge partnership will not deliver (2001: p232).

### **Concluding remarks on the definition of partnership.**

One’s appraisal of partnership depends on how one chooses to define it. To view it as “*anything that involves a co-operative approach to employee relations*” (ACAS,

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<sup>12</sup> Just 15 respondents were classified as ‘high’-level partnerships (1998: p23).

1999: p5) is too vague to be helpful. To move the debate forward one must make a judgement on *which* set of principles and practices best constitutes a ‘partnership’.

For the reasons outlined above, it is my view that the IPA’s model corresponds closest to a realistic, mutually beneficial exchange that has as its core the development of trust-based relationships; other models are either too vague, lack internal coherence (omitting key elements, such as consultation with staff, sharing success or provisions for employment security) or too ambitious to be realistic. The IPA model, while prone to loose terminology on occasion, does contain all of the central elements, and as I outline in chapter three, these elements dovetail neatly with requirements for the development of mutual trust at work.

### **The partnership debate: scepticism and dissent.**

In this section I discuss some of the debates surrounding partnership. I analyse, firstly, the partnership phenomenon according to the different frames of reference (cf. Fox) pertaining to the employment relationship. This leads on to an assessment of the debate over whether the presence of a trade union is a necessary pre-condition of a partnership. From there I go on to review the criticisms of partnership, primarily from the Left (the Right wing of industrial relations thinking has been content to monitor partnership’s modest progress, and only occasionally has seen fit to comment on what is considered an otherwise peripheral issue). This includes the argument that partnership is nothing new. Finally, I provide an overview of the (scant) evidence for the UK’s incidence of partnership.

### **Partnership and ‘frames of reference’.**

Ackers and Payne (1998), and Guest and Peccei (2001), have each drawn attention to the fact that partnership’s “*elasticity*” has produced guises that reflect different frames of reference. (This can be seen from the disparate varieties of partnership definitions in Table 1 above, and the list of known partnership organisations in Appendix 1.) The debate over which frame of reference is best reflected in ‘partnership: the 1990s version’ provides us with a helpful lens through which to assess the concept.

From the definition set out above, it is difficult to envisage partnership as offering anything other than an explicitly pluralist view of the employment relationship. However, many commentators – from all political hues – disagree. Unitarist models for managing people that use the term ‘partnership’ (see Blinder, 1990) aim to solicit individual employees’ psychological stake in the company through ‘High-Commitment Management’ [HCM], financial participation, and modest local-level direct employee participation in decision-making. This attention to securing employee commitment to the goals of the enterprise, and the downplaying of provisions for an employee voice, is considered evidence of partnership’s unitarism. In the conclusion to the IRS special on partnership (IRS, 2000a: p6, also p48), which reviewed both unionised and non-union case studies, Paul Suff felt that this search for employee commitment necessarily cast partnership in the unitarist camp.<sup>13</sup>

Fox argued (1974a) that this kind of small-scale devolvement of responsibility can only imply a lack of confidence in employees, and a preference for managerial diktat over joint problem solving. It runs the risk of being one-sided, short-lived, faddish and prone to abandonment when challenged. Furthermore, an honest researcher speaking to shop stewards and shopfloor employees in partnership organisations would become quickly disavowed of any impression that the workforce is “*one happy team*”. Conflict of interest continues to exist, even with all parties committed to success.

Having said this, many participants’ descriptions of partnership, from HR managers as much as from full-time union officials, do on occasion reveal strongly unitarist thinking. Guest and Peccei found evidence of such in their 54-strong sample, such as very low assent to the statement, “*The goals of the business and the employees are incompatible*” – 7% (1998: p21; also p13).<sup>14</sup>

If partnership looks unconvincing in unitarist forms, it does not fit comfortably within a radicalist frame of reference (cf. Edwards) either. Many partnership advocates accept the radicalist view that the employment relationship is in “*constant*

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<sup>13</sup> His research methodology is likely to have skewed his conclusions, since his interviews were confined in the main to HR managers only.

<sup>14</sup> While reflecting sincere appraisals of their improved employee relations, the choice of words is, I suggest, at least in part an attempt to ‘sell’ the partnership approach to the sceptical, as well as perhaps to exaggerate both the scale of the change and their own input...

*flux*”, and even that conflict is inherent. However, most argue that this conflict can be negotiated into a stable, compatible ‘order’. Radicalists deride partnership as a “*chimera*” (cf. Whitston, 2001), while Marxists view partnership as a capitulation by the representatives of workers, co-opted on to the management agenda, thereby surrendering labour’s “*ability to defend its own interests against the interests of capital*” (IPA: p18). Neither can envisage a form of partnership ever existing between employer and employed. (See below for their critiques of partnership.)

Partnership then is an explicitly pluralist form of understanding and managing the employment relationship. At least, it is in the sophisticated forms that do justice to the word. The term itself implies two or more separate agents and interests – the ‘partners’ – engaging in collaboration for a common pursuit. While effort is required to mediate an acceptable compromise (a “*negotiated order*”), the crucial point is that this is possible. All parties use partnership to manage the potential for conflict in a mutually beneficial way. The primary concern is, as I have argued, what form this takes. As one interviewee for the Hayne and Allen research in Legal & General and Tesco argued, “*With partnership comes a rediscovery of pluralistic industrial relations*” (Hayne and Allen, 1999).

In the form articulated and advocated by the IPA, it is apparent that in calling for companies to “*recognise the legitimate role of each partner*” (especially, the “*interests of the employees*”), and to “*build trust*” a distinction is being drawn between the interests of the employer and the employees. Indeed, in rejecting the RSA’s absurdly optimistic model the IPA argued explicitly for the pluralist viewpoint:

“*Employees have their own interests which are separate from those of the business. To achieve alignment of those interests means firstly recognising their independence*” (IPA: p17).

John Monks described partnership’s purpose as “*managing these sometimes divergent interests better*” (Monks & Stevens, 1998: p8). John Knell, on behalf of the DTI, agreed; partnership is pluralist in outlook (Knell, 1999). Ackers and Payne (1998) debated this point at length, noting the differing interpretations of partnership. Their assessment of the IPA model is that it “*draws a bridge between pluralist readings of partnership and 1980s employee involvement*” (1998: p541); it

is an *“imperfect mix”* (p533). This accords with Guest and Peccei’s *“hybrid”* categorisation: broadly pluralist, with clear support for representative systems but also direct forms of employee involvement and the pursuit of mutual gains (2001: p210). They make the telling point that the mutuality in partnership is not a final resolution of conflict, but *“constrained... with the balance of advantage, in terms of principles endorsed and practices in place, leaning clearly toward management”* (ibid: p231). Hayne and Allen (1999) echo this insight: for them partnership is *“constrained adversarialism”* in a context of co-operation.

These awkward delineations within the pluralist camp can be further illustrated by reflections on Fox’s categorisations of strategies for managing employee relations (Fox, 1974a). Partnership best fits the *“sophisticated-modern”* approach, eliciting strong commitment from the workforce to the company’s goals through a ‘constructive’ relationship with trade unions incorporated into the decision-making of the organisation. However, in non-unionised settings partnership most closely resembles the *“sophisticated-paternal”* approach whereby a set of progressive and employee-focussed policies offset the absence of independent employee representation as the employer looks after its workforce’s interests, obviating the need for a union.

Of the typologies of employee representation provided by Hyman (1997: p323) – *“soft HRM”*, *“bleak house”*, *“regulated market”* and *“micro-concertation”* [after Regini] - it is clear that, at least if defined by the IPA’s model, partnership would fit most appropriately in the last category (confirmed by Tailby & Winchester, 2000: p369): what Hyman calls collaborative workplace relations typically borne out of an ongoing historical conflict. However, not all partnerships conform to this last pre-condition, and so some may resemble a ‘soft HRM’.

Finally, partnership resembles a strong form of an organisation-level *“constitutional order”* (Sabel, 1997) for controlling relationships, wherein the constituent units jointly establish a set of rules and parameters governing the conduct of their relations, the alternatives being *“hierarchy”* (unilateral imposition of order from super-ordinates to their sub-ordinates) and *“market”* (independent entities negotiate the terms of each interaction fresh each time):



*“Constitutional orders do best when there are co-ordination problems that markets in their pure form cannot solve and the pace of change – the rate at which ‘new states of the world’ are being created – outpaces the adaptive qualities of hierarchies”* (Sabel, 1997: p159; see also Lane, 1998).

Of course, industrial relations conducted by adversarial collective bargaining is also an example of a ‘constitutional order’, but, I suggest, collaborative, trust-based, genuine partnership is a more efficient variant (see chapter two).

### **Non-union partnership.**

If then partnership is a pluralist form of understanding and managing the employment relationship, the presence of a trade union ought to be a pre-requisite, argue the unions and their sympathisers. They maintain that un-represented workers lack the safeguards provided by professional and trained representatives, and the strength of collective action. Only unions can provide the independence, strength and wealth of networking experience that permits effective consultative arrangements throughout an organisation (see USDAW, 1998: p3).

The IPA Director argues instead that a union is not essential. The real issue is whether employee voice is *“adequately and freely represented”*, and that the organisation responds (Coupar, in conversation with author). The IPA supports works councils, or staff forums (Tailby & Winchester, op cit: p376) and notes the very successful councils operated by the John Lewis Partnership. Knell (op cit) considered that the differences between partnership in the non-unionised and unionised firms that he examined were negligible, and IRS researchers even suggested that non-union forms were often *“more developed and deeper-rooted”* (IRS, 2000a: p39), although Guest and Peccei (2001) note that good employee consultation is more likely to be observed in representative forms.

One explanation for non-unionised forms is as part of a deliberate union avoidance strategy. As Guest and Peccei found, even IPA member organisations expressed a somewhat equivocal attitude toward the true and enduring value of unions: 40% saw no role for them (18% *“strongly”* agreeing). 40% considered their presence to be necessary.

The list in Appendix 1 reveals that non-union partnerships are rare. They are often employee-owned, or the organisation has long subscribed to overtly paternalistic founding principles. But this evidence does lend support to the conviction that partnership need not involve trade unions.

### **The “cancer” of partnership.<sup>15</sup>**

Partnership has not been universally welcomed. There are several dissenting voices urging caution and even counter-insurgency. Militant commentators (including John Kelly, Tim Claydon, Gregor Gall, and Colin Whitston) believe that the assault on collective action, and the cowed and conciliatory stances of union leaders, have so lowered workers’ aspirations that ‘partnership’ is considered an advance, and not a capitulation.

Claydon (1998) contends that partnership co-opts, or “*enrols*”, unions into a management agenda that they are in no position, ideologically or practically, to assist, and from which - should a serious conflict of interest arise - they would be unlikely to be able to extricate themselves. Whitston, in an unpublished paper to the BUIRA conference (2001), also saw unions’ involvement in the management agenda as coming from a “*position of weakness*”. Claydon reasserts the value to trade unions of enduring sentiments of ‘us and them’.

Kelly (1996: pp95-96) criticises unions’ “*moderate*” strategy under partnership for diminishing perceptions of the presence and impact of the inherent conflict within the employment relationship. At its worst, the moderate stance of partnership subordinates trade union ideology to the needs of capital. He warns trade unionists against a “*policy-neutral contingency approach*” (i.e.: one that co-opts union ideology to furthering the organisation’s goals).

Kelly (1999) has sought, through data sets on pay and terms and conditions in partnership and non-partnership companies, to test who benefits from partnership deals. On pay Blue Circle Cement, a partnership company, compared favourably with its alleged non-partnership rivals (one of which, Castle Cement, has claimed ‘partnership’ status – see Appendix 1), while Welsh Water was indeed low in

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<sup>15</sup> A contributor used the word “cancer” to describe partnership in a Marxist Group seminar at the LSE, 2000.

comparison to other regional water companies. But their pay rates were negotiated in reference to the local market rate. In addition, both data sets omit share ownership and profit sharing. On job losses, both Blue Circle and Welsh Water have managed through more job losses than non-partnership companies, but the counter-argument from partnership proponents (see Warren, 1999) would be that the redundancy programmes were managed jointly, and can be said to have received majority workforce support. The real statistic of value, is the number of permanent displacements (i.e.: the number of employees who lost their employed status involuntarily) since at Blue Circle, for example, their partnership managed the closure of two cement works such that 76 of the 250 employees were re-located to other UK plants, and only 13 'signed on' as unemployed (Warren, *ibid*).

Kelly concludes (*op cit*) that the unions have been co-opted onto an aggressive management agenda, requiring them to promote partnership and de-mobilise any workforce resistance. He too seeks to retain an antagonistic stance informed by 'us and them' ideology and a policy-based contingency, arguing that the modest advantages of moderation are inferior compared to the gains available through increased "*militancy*" (Kelly, 1996).

I return to this misunderstanding that partnership necessarily diminishes 'us and them' sentiments later; suffice to mention here that D'Art and Turner's research in Ireland found that 'us and them' attitudes persist, even while behaviours change toward co-operation. Increased personal contact, the introduction of a common or super-ordinate goal and employee participation in co-operative initiatives with managers all shift attitudes (1999: p103-4).

The majority of dissenting commentators concentrate on the 'ideology' issues surrounding partnership - rather than on the set of practices that embodies it (Kelly's ongoing work being the sole exception) - and in particular they analyse partnership's impact on trade unions. In doing so, they make the mistake of equating partnership solely with unionised organisations when, as I have argued, it is a set of practices that can apply equally to non-unionised organisations, as well.

Thus, while these criticisms may be pertinent to the internal debate within trade unions they do not land a direct hit on the concept of partnership itself. There is certainly an argument to be had about the instrumentality of trade unions engaging in partnership arrangements: do only weak/ right-wing unions get involved, and strong unions reject partnership? But, as Metcalf has commented (in *The Guardian*, 15 September 1999), and as the evidence in Appendix 1 suggests, very powerful and even left-wing trade unions are involved in partnership, including the RMT and GPMU. There is a further legitimate concern that these new forms of consultation with staff may undermine established rights to more robust input into decision-making won through collective bargaining, but the IPA does not intend for partnership consultation to replace or marginalise trade union bargaining or negotiation, but to complement and enhance it.

As to the argument that partnership is nothing new, the latest “old wine in new bottles”, the chapter on context sets out an argument that what I call ‘the 1990s version’ of partnership is just that; the latest attempt to inculcate a spirit of collaboration in British workplaces, the most recent model for structures and processes. It is not a new idea.

However, in its unique focus on developing collaborative attitudes and behaviours, especially mutual trust, partnership *is* conceptually distinct from related programmes. The medium through which organisational improvements are sought is not corporatist joint power-sharing (in the co-determination sense) or adversarial collective bargaining. Its inclusion of direct forms of employee participation and consultation, and more inclusive and regular discussions between management teams and employee representatives, distinguishes partnership from traditional collective bargaining, however collaborative. Nor are organisational improvements sought through employees’ unitarist commitment to company goals (as in HRM). Munro and Rainbird followed this line, dismissing partnership as “*merely a new label for employee participation initiatives aimed at facilitating change with worker and union consent*” (2000: p226), while Marchington has wondered (1998) whether partnership is a catch-all term for employee involvement or ‘best practice’ HRM. I hope to have demonstrated in this chapter that the more detailed conceptualisations present rather more than either of these limited, even sceptical perspectives.

Partnership is best seen as a ‘halfway house’ – a “*hybrid*” or “*imperfect mix*” - of jointly designed co-operative processes that allow for joint problem solving for mutual gain. In this, it more closely resembles the “*integrative*” rather than the “*distributive*” bargaining systems formulated by Walton and McKersie (1965), and the ‘win-win’/ ‘non-fixed sum’ rather than the ‘win-lose/ fixed sum’ situations described in game theory (cf. Axelrod, 1984): “*It’s not the same conflict... unions have a chance to influence the decision before it is taken*” (Blue Circle’s Derek Warren, in IRS, 2000b: p10).

More damagingly, potentially, is the accusation that partnership is little more than a fad, and that it distracts attention from more urgent campaigns for legislative protection of employees. It is too early to tell, of course, but as I argue in the chapter on context, the political and public policy environment in which partnership has (re-) emerged is unusually favourable.

### **Evidence of partnership.**

An important caveat here: in 1997 the Institute of Employment Rights reminded us that partnership is “*simply not on the agenda of most workplaces in Britain, and this is shown in the rise of inequality and insecurity*” (cited in Overell, 1997: p29).

This is undeniable, especially after examining the data from the Workplace Employee Relations Survey (Cully et al, 1998; 2000). Partnership as defined by the IPA remains extremely rare in Britain. An approximation of the model can be created as follows using the WERS data set:

- ‘Management strongly agree that employees are led to expect long-term employment within the enterprise’ = employment security;
- ‘Contingent pay based on profit or some other measure of workplace or enterprise performance’ = sharing in the success of the enterprise;
- ‘The presence of a consultative committee, workforce briefings and employee involvement in problem solving at both company and workplace level’ = information sharing and consultation; and -
- For argument’s sake, ‘union recognition’ = provision for an independent employee voice.

According to WERS98, just 0.68% of all private sector workplaces have partnership institutions.<sup>16</sup> Even with the limitation imposed by the presence of a union, this is surely pitiful. Take-up of individual partnership components is similarly low (see Table 2).

The TUC's figure of verified partnership organisations was 85 at the launch of their Partnership Institute (in the Financial Times, 21 January 2001). From my database I consider there to be no more than 62 examples of genuine, IPA-style partnership organisations in Britain (see Appendix 2), although it is highly probable that more do exist that I am unaware of.

**Table 2 – Partnership practices (as depicted by WERS 1998 data):**

Partnership practice	All workplaces
Consultative committee at both company and workplace level	11%
Consultative committee at company level	28%
Problem-solving groups	42%
Team briefings for groups of employees	61%
Formally designated team working [i.e.: a form of flexible working]	65%
Employee share ownership scheme (for non-managerial employees)	15%
Profit-sharing (for non-managerial employees)	30%
Single-status terms and conditions/ harmonisation	41%
Guaranteed employment security/ no compulsory redundancies.	14% <sup>17</sup>

There have been just two large-scale research projects into the extent of 'partnership' in the UK: an IRS survey of 50 self-selecting companies (1997), and Guest and Peccei's benchmarking exercise of 82 partnership companies on behalf of the IPA (1998; 2001). The IRS survey found that 27 of the 50 "sometimes" or "always" used 'power sharing' – the type that most closely resembles the IPA's understanding of partnership – although in fact only two (Blue Circle Cement and Caradon) ticked "always".

Guest and Peccei's research found surprisingly little evidence of the "essential building blocks" of the IPA model, even among the IPA's own members. In fact, of the 82 respondents 23 had a 'high' partnership profile, 32 had a 'medium' rating, and 27 were examples of 'low' level partnership. Guest and Peccei found few

<sup>16</sup> A preliminary figure provided by a PhD colleague at the Centre for Economic Performance, LSE.

<sup>17</sup> Employment security guarantees exist in only 6% of private sector workplaces.

policies addressing employment security: 27% had a formal commitment over a fixed term, while only 19% offered a formal guarantee of no-compulsory redundancy (1998: p27). Those that did tended to have made most progress toward partnership, while those *“who have made least progress seem to display particularly low support for principles associated with employee’s security and well-being”* (1998: p22). Their agnostic assessment of the contribution of direct and indirect forms of representative participation points to enduring exclusion of employees from decisions affecting them (ibid: p31), with only a quarter reporting that staff plan their own work and can influence the way their section is organised (p6). As for input into strategic concerns, the *“level of participation in, and influence over, employment issues is greater than that over broader policy issues”* (p25). Further, the reported animosity toward trade unions among the Guest and Peccei respondents tends to point one toward the conclusion that, even in some best practice examples, old structures, old perceptions and old behaviours remain intact.

More positively, a third of the companies surveyed had a profit sharing or employee share ownership scheme for over 90% of their workforce (p26). Having said that, Guest and Peccei report a weak link between employee share ownership and the principles of partnership (p28), so the relationship is difficult to pin down satisfactorily. Of the 82 organisations, the overwhelming majority had made considerable progress toward harmonisation and single-status conditions.

Such a dearth of major concessions on the part of management to their workforce, in exchange for flexibility, would seem to be hindering progress toward partnership, undermining management’s business aspirations (IPA, 1997: p8), and potentially exacerbating the very conflict of interests that a pluralist model such as the IPA’s is seeking to redress. Guest and Peccei hint as much in their closing remarks:

*“Organisations still have considerable scope to display greater trust in employees and greater direct participation and autonomy over work”* (1998: p43).

It is to the notion of trust that I now turn.

## **Chapter 2. Trust.**

In January 2000 Clive Morton, once of partnership company Anglian Water, was leading a workshop session at the AnUMan industrial relations conference when, running down a list of key processes involved in establishing partnership, he came to the word 'trust': *"Like so many other four-letter words, 'trust' is thrown about indiscriminately, and much abused"* (author's notes).

Morton's gaffe served to emphasise the distortions that this simplest of words has suffered, especially in the debate about partnership, but also the widespread significance of trust in employee relations during the latter part of the 1990s.

In almost every case study on partnership, trust is invoked as a critical factor. Representatives from 'partnership' companies assert boldly that the transformation in employee relations has been produced by, or has generated, this elusive element. Yet seldom is it discussed what trust in industrial/ employment relations means or entails, nor what its implications are for 'partnership' of managing work. It is thus as important to reclaim an accurate definition of 'trust' as it is for 'partnership' itself.

### **Why trust at work? Why now?**

While there has been over 40 years of academic study on trust among economists, psychologists, and anthropologists, and increasingly sociologists, only recently has it entered the literature of management and industrial relations to a significant degree, Alan Fox's 'Beyond Contract' (1974a) being a notable exception. The prevalence of references to, if not yet serious discussions of, trust would seem to be a relatively new trend. The IPD's Research Adviser, John Baillie, commemorated this with something approaching incredulity in a 1995 commentary entitled, *'Trust: a new concept in the management of people?'* (Baillie, 1995).

This finding has bemused me too in the course of my research. One is hard pressed to find anything more substantial than a smattering of brief citations for the concept in key industrial relations texts; where the idea is discussed it is typically in reference to Fox. This is an extraordinary omission in the literature, and it is difficult to account for its prolonged absence.



Trust has now begun to permeate management literature again with, for example, the Academy of Management devoting an entire volume to the issue in 1998 (volume 23, number 3, from where much of what follows is drawn), and Miles and Snow's 'human investment model', which is based on *"the assumption that organisation members will flourish only in an atmosphere of mutual trust and respect – the sort accorded to business partners and professional colleagues"* (2000: p457). In the same volume, Sparrow argues that trust is now *"at a premium in modern organisations"* (2000: p416). More pertinent to the debate on partnership, Guest and Peccei point to trust as offering a fruitful research agenda: *"Clearly there is more to be done on the role of trust in effective partnership at work... to identify the processes that must be in place for high trust to emerge"* (2001: p232).

In this chapter I draw together the best of the available management literature on trust, with some cross-pollination with the work of sociologists, to present a definition of this elusive element. The particulars of the definition are discussed in detail. I go on to analyse the several theories and models that seek to show how trust is established, drawing on the trust literature, as well as game theory, and Walton and McKersie's theory of labour negotiations. In chapter three I answer the question: what is it about partnership forms of managing employee relations that might be expected to improved levels of mutual trust? I distil the lessons from chapter one (on partnership) with the lessons from this chapter (on trust) to present my own model for establishing trust through partnership.

### **Definitions of trust.**

Trust is in fact present to some extent in every social exchange, for between one's own choice of action and another's behavioural response, two elements render that response, if not unknowable, then at best difficult to predict (Simmel, 1950, cited by Lane, 1998: p10; also Misztal, 1995: p79). First, there is a time-lapse between an action and the response, allowing the responding party to filter through possible options (such as whether to harm us or not to harm us). Thus we have to cope with the absence of an instantaneous, predictable reaction and the time allowed to think. This uncertainty produces a risk that necessitates a degree, however small, of trust. Secondly, there are information deficiencies. We do not know, and often cannot know, the other party's motives, moods, strategies and tactics, or the resource

implications informing her/his response. But we must prepare for a set of possible actions, so we develop coping mechanisms for (almost) every eventuality. Total coercion mitigates against uncertainty, of course, but is seldom available as an option. Trust is another option; indeed, trust has been described as a coping mechanism for others' freedom (Peccei, 1997).

So how has trust been defined? In its essence, trust is understood to be a belief one holds about another party. While it can be formalised in an agreement, and this helps to commit parties to fulfilling the implied behaviours, trust derives its true strength less from the wording of an agreement, than from the extent to which parties *believe* it to be present in a relationship. This belief then leads crucially to a set of obligations and behavioural expectations emerging between the two or more parties. (Such norms may not be sufficient to sustain trust, as we shall see.)

Among the most concise definitions of this belief, the one that I prefer above all others is that of Lewicki, McAllister and Bies, where trust is "*confident positive expectations regarding another's conduct... in a context of personal risk*" (1998: p439), or Boon and Holmes' near-identical definition, wherein trust is "*a state involving confident positive expectations about another's motives with respect to oneself in situations entailing risk*" (1991: p194). Rousseau, Sitkin, Burt and Camerer broadly concur. For them, trust is "*a psychological state comprising the intention to accept vulnerability [to another] based upon positive expectations of the intentions or behaviour of another*" (1998: p395). Whitener and colleagues emphasise the parties' positive motives with their conceptualisation that trust "*reflects an expectation or belief that the other party will act benevolently*" (Whitener, Brodt, Korsgaard, & Werner, 1998: p513). Barney and Hansen rely on Sabel's definition: "*mutual confidence that no party to an exchange will exploit another's vulnerability*" (Barney & Hansen, 1994: p176). Sparrow cites Clark and Payne (1997) who view trust as "*a willingness to rely or depend upon some externality*", with "*the specific expectation that the actions from such externalities will be beneficial rather than detrimental*" (Sparrow, 2000: p425). Finally, Gambetta's rather over-elaborate definition – based on agency theory - captures many of the nuances:

*"Trust... is a particular level of the subjective probability with which an agent assesses that another agent or group of agents will perform a particular*

*action, both before he can monitor such action (or independently of his ever being able to monitor it) and in a context in which it affects his own action... the probability that [the other agent or agents] will perform an action that is beneficial to us or at least not detrimental to us is high enough for us to consider engaging in some form of co-operation with him” (Gambetta, 1988: p217; see also Mayer et al’s similarly convoluted definition in Jones & George, 1998: p532).*

All of these definitions share seven key conceptual points. I have broken these into two strands: four involve defining the relationship concerned, while three define the psychological content of trust.

The first straightforward point to make is that “... *the essential character of all trust relations is their reciprocal nature*” (Fox, 1974a: p67). It requires at least two parties to engage in a trust-based relationship, because it requires that each party expose themselves to vulnerability. We may speak of trusting oneself (or not), but in truth, unless we are pre-adolescent or severely mentally impaired, we are responsible for, and in control of, our actions. Accordingly, while tempting and reassuring, it is in fact illogical to consider oneself to be vulnerable to oneself. Clark and Payne’s identification of dependence on an *externality* is helpful here (1997). Gambetta highlights the mutuality principle when he notes that “*it is necessary not only to trust others before acting co-operatively, but also to believe that one is trusted by others*” (op cit: p216).

Secondly, trust must exist in a context of risk. Trust is “*particularly relevant in conditions of ignorance or uncertainty with respect to unknown or unknowable actions*” from the other party (Gambetta, op cit: p218). Trust is of trivial value if one enjoys certain knowledge about the other’s intentions and actions; it “*cannot exist without the possibility of being in error*” (Bhattacharya, Devinney & Pillutla, 1998: p462). The “*mutual dependence*” between the parties (Lane, 1998: p3; Bachman, 1998: p302; also Rousseau et al, 1998: p395) distinguishes trust from other forms of securing co-operation, such as power.

Relatedly, and significantly, in order that trust be meaningful there must be the possibility of exit from the relationship, or for defection or betrayal by the other party. Trust cannot exist under coercion. The relationship must be freely entered into, and there should be an alternative course available; the person with no option

*hopes* rather than trusts. Both parties ought to be in a position to damage the other, and there must be in place mechanisms for coping with the fall-out from risk. (This has implications for the content of partnership agreements, which I discuss in chapter three.) This mutual risk distinguishes it from Fox's analogy of the parents having to trust the kidnapper when he says he will return their daughter if they pay the ransom; clearly a negative arrangement based on coercion. Moreover, trust becomes "*increasingly salient for our decisions and actions the larger the feasible set of alternative actions are open to others*" (Gambetta, op cit: p218).

Trust also needs time to develop. It is iterative, emerging through "*repeated exchanges of benefits between two parties*" (Whitener, et al, op cit: p515). Repeated demonstrations of trustworthy actions "*generate a spiral of rising trust*" (Fox, 1974a: p71). This insight has its roots in social exchange theory, whereby parties develop an understanding over a series of interactions. In experiments using the prisoners' dilemma scenario (discussed below) trust in any meaningful sense almost never develops in relationships involving only one interaction – it is simply not a sensible tactic - and it rarely emerges during the first handful of exchanges. However, as we shall see in the section on game theory, calculative suspicion for the first exchange of an *ongoing* relationship is a tactical error. If relations are ongoing, the issue no longer concerns "*how much*", but "*in what areas and in what ways*" should the parties trust each other (Rousseau et al, op cit: p398).

The reason for this is that the belief 'trust' is considerably less than absolute certainty; instead it is an "*expectation*" based on evidence. It is a "*probability*", evaluated according to a calculation of the risk, and the likely future behaviour of the other party. As Zand's definition illustrates, trust is the "*conscious regulation of one's dependence on another*" (Zand, 1972 – my emphasis). For McAllister, "*evidence that a peer's behaviour is consistent with norms of reciprocity and fairness and that the peer follows through on commitments is vital*" (1995: p28). It cannot be willed into existence (Gambetta, 1988: p220). In order to make such a probability judgement, before serious contemplation of trust, a series of interactions is required, ideally in a range of settings (Lewicki, McAllister & Bies, 1998: p443), to gather a sufficient body of credible evidence. Such an appraisal of the available knowledge, and the presence of 'good reasons', serve as the foundations for trust

decisions, according to McAllister (1995: p26). This too has implications for what can be considered a 'partnership'. This also allows one to assess the trustworthiness of the other party's *competence*, as well as their motives, because one may trust someone's motives, but doubt whether they can fulfil their promise. Gambetta cited experimental evidence to endorse the "*fundamental importance of long-term arrangements*" (my emphasis), as well as of "*the absence of potentially aggressive devices, of the lack of ambiguity in what people co-operate about, and of a step-by-step increase in the risk involved*" (Gambetta, op cit: p230). Each of these components in a relationship helps to constrain self-interest, and so can help to promote co-operation, and if successful in this, can "*reinforce*" trust. The expectation of likely positive behaviour is a pre-requisite of trust in Luhmann's view (1979), as it reduces the complexity of social engagement, for to express genuine trust in another, as defined here, imposes considerable constraints on the other's options, and encourages reciprocity.

This expectation involves a "*strength of feeling*" (Bhattacharya et al, op cit: p462). The probability of not being on the receiving end of personally detrimental behaviour "*is high enough to consider engaging in some form of co-operation*" (my emphasis), and it means "*believing that when offered the chance, the other person is not likely to behave in a way which is damaging to us*" (Gambetta, op cit: p219). For Sheppard and Sherman trust is "*a manageable act of faith*" (1998: p422). As Misztal writes, "*what makes trust so puzzling is that to trust involves more than believing; in fact, to trust is to believe despite uncertainty*" (1995: p18).

It is clear then that this judgement goes beyond hopefulness. This crucially distinguishes it from blind faith or stupidity, for to make oneself vulnerable to another without assessing the evidence in favour of such a decision is surely blind faith or stupidity. It ought not to be viewed as trust. This may be pedantic semantics, but is important to understand the difference when one is judging the extent and quality, if any, of trust in a relationship. Drawing reasonable conclusions from a sufficient body of evidence refutes Garfinkel's claim (in Lane, op cit: p11) that trust is "*unreflective*". Just as importantly, this insight responds to Marxists' predictable retort that both trust and partnership are the products of 'false consciousness' on the part of workers. It is not.

There are however two problems with trust being conditional on an appraisal of evidence. When undergoing a surgical operation, or (in the UK) boarding a train, we have no evidence in advance, beyond that conferred by the – assumed – qualifications and training that the doctor or train driver has received that (s)he can be trusted to be competent and behave in a non-detrimental manner toward us. It is chilling to reflect that, under the definition expounded here, our decision to continue in the relationship is predicated on *blind faith in that individual*. However, we can trust *whoever does that job* – or, at least, we hope we can. We base this decision on our prior experience of similar employees in that position, and on society’s generally assumed confidence in the motives and competence of our doctors and train drivers. In short, we trust the job-holder, rather than the individual.<sup>18</sup> This theoretical paradox at the heart of trusting strangers is interesting, but fortunately, for employment relations processes, I would argue that it is an incidental concern. It is inconceivable that either party in the employment relationship would be asked to trust the other party without having met them, or viewed (either at first hand or indirectly) the consequences of their individual behaviour. (This has implications for the spread of trust-based relationships at work, as we shall see.)

Between whom is the trust being forged is an important question. Salamon is correct when he notes that trust can only be established between “*people rather than between organisational collectivities called ‘management’ and ‘union’: inter-organisational trust stems from intra-organisational [and, I argue here, inter-personal] trust*” (Salamon, 1998: p79).

A problem of course is that, even in the face of evidence, trust can be unwittingly misplaced. And, in the event of a complete abuse of trust, what safeguards are available to the weaker party? As Barney and Hansen ruefully comment, “*some level of compensation will always exist where strong-form trustworthy partners will abandon their values, principles and standards of behaviour, and act in*

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<sup>18</sup> This trust is being eroded. Horrific incidents in the late 1990s, such as the Shipman murders and the Paddington and Hatfield train crashes, have ruptured these trust bonds; indeed, Harold Shipman killed his victims after they had visited him many times. He had earned their trust. The Marxist sociologist Frank Furedi has condemned the near-hysterical reaction to these notorious incidents for the harmful impact of such widespread paranoia on fellow human beings’ trust for each other. The problem of restoring societal levels of trust is one that exercises the minds of many.

*opportunistic ways*” (1994: p179). I return to this awkward paradox in my conclusion.

Lewicki, McAllister and Bies do rather muddy the waters further with their assertion that one can simultaneously trust and distrust a party, depending on the circumstances. Trust and distrust are thus “*distinct, but potentially co-existing mechanisms for managing complexity*” (op cit: p440). They offer a four-fold typology of “*high trust/ low distrust; high trust/ high distrust; low trust/ low distrust and low trust/ high distrust*” (ibid: p445), with ‘high trust/ high distrust’ deemed to be most prevalent in organisations, and the optimum ‘high trust/ low distrust’ viewed with some concern as potentially a form of blindness. The presence of both trust and distrust – what Lewicki, McAllister and Bies term “*ambivalence*” - highlights the fact that parties can accommodate contradictions and errors, while still judging the quality of trust overall to be worthwhile pursuing. Or they can remain ambivalent and non-committal. Trust is therefore “*compartmentalised and aggregated*” (ibid); see the degrees of trust (depicted in Figure 3, and discussed below). I personally would not choose to call this ‘ambivalence’, but a form of sophisticated evaluative trust.

Finally, and crucially, trust is a *desired* state - “*an attractive option*” (Gambetta, op cit: p219). It is “*good*” and “*important*” (Bhattacharya et al, 1998: p462). Each party must *want* to engage in such a relationship. Parties ought to expect tangible benefits from the relationship. Deutsch highlighted this element when he wrote of trust as embodying the expectation that one will experience “*what is expected rather than what is feared*” (cited in McAllister, 1995: p25). Of course, one can expect what one fears, and so the *positive* nature of trust-based relations becomes valuable as a defining characteristic, as in Lewicki, McAllister and Bies’ definition. With this in mind, we can understand the remark, “*you can trust him completely – he’ll always let you down,*” as a mis-application of the word, and paradoxical precisely because it plays on this element of what constitutes genuine trust.

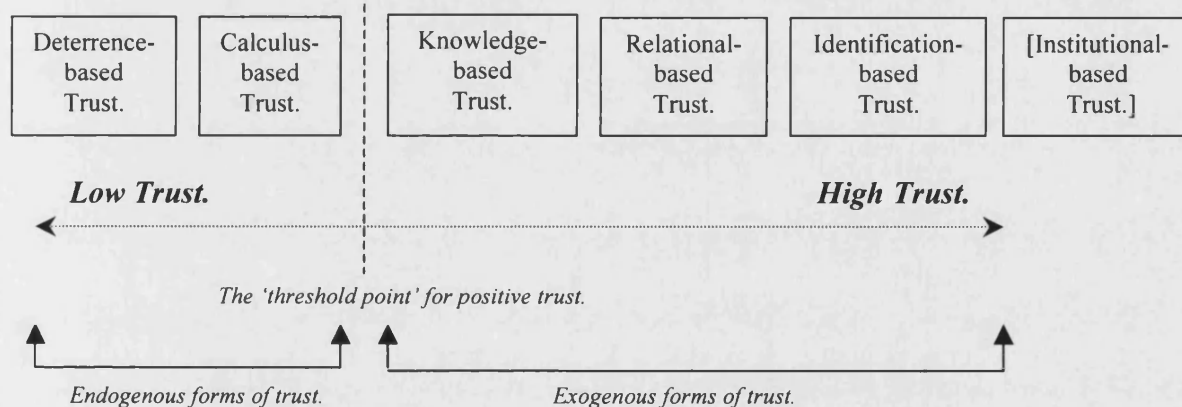
So, to summarise: trust exists between two or more parties, all of whom have entered the relationship willingly and positively, in an ongoing relationship with more than one future interaction, and in a context of risk for all parties. Trust is a

subjective, aggregated, evolving belief about the others' likely actions being positive, or at least non-detrimental toward us, based on a considered judgement from a body of evidence.

A crude either/or conceptualisation – trust or distrust – is too rigid and too simplistic, however. It fails to capture trust's intriguing subtleties of *degree*. Jones and George's categories of distrust plus "*conditional trust*" and "*unconditional trust*" (1998: p536) are similarly too crude since, as will shortly be examined, within "*conditional trust*" can be discerned several degrees of intensity. Moreover, as I have argued, trust is almost never "*unconditional*", as Sabel (1997: p163) believes, or if it is then it is rather naïve.

In the literature I have discovered six degrees of mutual trust, and these can be placed along a continuum of intensity, as per Figure 3 below.

**Figure 3: The six degrees of trust on a 'continuum' of progress.**



Unfortunately for clarity purposes, the terms are confused among the writers. For example, what Rousseau, Sitkin, Burt and Camerer call deterrence-based trust is called calculus-based trust by Lewicki and Bunker. However, to take each in turn...

### **Deterrence-based trust.**

By the definitions discussed above, this is not trust at all in any positive sense, but a manifestation of distrust. Its underlying expectation is that the other party will abuse any effort to build trust, and will only act co-operatively under the threat of punishment. All-powerful sanctions are put in place in advance of any decision. This is not making oneself vulnerable to any significant extent, and the relationship is



governed by coercion rather than by trust. Nor does it imply a positive relationship, either. (Deterrence-based trust corresponds, albeit incompletely, to Barney and Hansen's vaguely termed "*weak form trust*" - op cit - wherein trust emerges only because the scope for opportunism is purposely limited. However, in their definitions, these limits are not derived from governance controls, whereas they can be here.)

### **Calculus-based trust.**

So named by Rousseau et al (op cit: p399), this does involve some vulnerability and a pre-disposition toward trust. In the literature it is understood to mean that the agent has conducted a valid cost-benefit analysis, and has elected to trust, not according to the value of the apparent benefits of trust, but from a self-interested desire not to incur the costs of *not* trusting. The only criteria is that the costs outweigh the benefits; trust has no innate advantage. Thus, there endures a deeply suspicious appraisal of the other party's motives, and the agent's ready recourse to the protections provided by deterrence, rather than by mutual 'goodwill' (cf. Sako, 1992), reflects this suspicion. There is a crucial lack of confidence that means that this is not a positive relationship either. Collaboration comes, but only with the support of controlling sanctions. In Barney and Hansen's terms (1994), this is a "*semi-strong trust*".

Both deterrence-based and calculus-based trust are weak forms of trust. Rousseau and colleagues further invite one to compare the "*resilience*" of the deterrence-based and calculus-based forms of trust with those further along the continuum of intensity in Figure 3 (op cit: p400). Nevertheless, they note optimistically that calculus-based trust can develop into more durable forms of trust over time. Whitener and colleagues make a similar point: "*Relationships evolve slowly, starting with the exchange of relatively low-value benefits and escalating to higher-value benefits as the parties demonstrate their trustworthiness*" (op cit: p515).

### **Knowledge-based trust.**

The pluralist knowledge-based trust (Lewicki and Bunker, 1997: p121; also Shapiro, Sheppard and Cheraskin, 1992) is based much more on judging the other's predictability and likely motives against evidence drawn from a series of

interactions. Armed with sufficient knowledge there is, accordingly, much less reliance on the threat of sanction. Indeed, between calculus-based trust and knowledge-based trust a threshold point is crossed (Gambetta), illustrated with the dotted line in Figure 3 above. To the right of the threshold point, the need for sanctions to reinforce collaboration is diminished, and the crucial requirement of genuine trust – a “*positive expectation*” – arises. Lewicki and Bunker, for example, call it a “*frame-change*”. Further evidence for the qualitative improvement in trust based on knowledge comes from Barney and Hansen’s view that this is a “*strong form trust*” (1994). Of interest is their argument that strong forms emerge independent of governance strictures, and come instead from values and principles that have been “*internalised*” by the parties involved, “*despite the significant vulnerabilities*” (op cit: p179). Thus, as indicated in Figure 3, knowledge-based trust exists at the threshold point between forms of trust shaped in large part by endogenous factors, and forms of trust based primarily on exogenous factors.

#### **Relational-based trust.**

As behavioural expectations become self-reinforcing and evidently in each party’s own interest, deeper forms of trust develop. Relational-based trust (Rousseau et al, op cit: p399) is based on consistent evidence of reliability for mutual benefit. It produces a partial convergence of interests and enduring common principles that impose clear parameters around what is acceptable in the relationship. It can even lead to an emotional bond developing between parties. Commentators have separated the qualitative variants of trust at this point along the continuum as being the difference between “*reliableness*” and “*emotional*” forms of trust; between “*cognition-based*” and “*affect-based*” forms; between “*dependability*” and “*faith*” (McAllister, 1995: p26). The former in each typology is considered to have been derived from a rational judgement, while the latter is based less on an intelligent appraisal of evidence, and is instead emotionally deeper, even “*moral*”. This distinction, I believe, is misleading and unhelpful, as it contains implicit criticism of the latter as somehow less intelligent than more suspicious forms, which would seem to warn parties away from developing more “*emotional*” forms of trust, foregoing the benefits of such a “*strong form*”. In addition, the superiority of low/ “*weak*”/ calculative forms of trust is disputed as being empirically incorrect, inefficient and even morally bankrupt (Barney & Hansen, 1994: p175). Trust is cognition-based (cf.

Lewis & Weigert, 1995) and evaluative, rather than instinctive, even in its more emotional states.

The emotional aspect of relational-based trust ought not to be over-valued, either. The call from Talcott Parsons for trust-based “*solidarity*” and for individuals to suspend self-interest in the service of a “*collectivity-orientation*” (Parsons, 1971, cited in Misztal, 1995: p67) is sentimental idealism that rather glosses over the disadvantages of rendering oneself this vulnerable, and the inherent conflicts of interest in the employment relationship (cf. Edwards). His ambition also obscures the point that parties need not necessarily share an enduring common agenda to trust each other; just a calculative self-interest in the outcome of the next few interactions, as per the trench-bound soldiers of the First World War.<sup>19</sup> (See also Misztal, 1995: p72.) Lastly, trust is incremental: it develops over time, rather than existing, as Parsons implies, in its own right independent of any appraisal of the evidence in favour of costs and benefits.

### **Identification-based trust.**

The explicitly unitarist *identification-based* trust (Shapiro, Sheppard and Cheraskin, 1992) is based on mutual understanding and affection, and for Lewicki and Bunker (1997) this alignment of goals and values is such that each party can act on the other’s behalf with their full confidence. Considerable attention is paid to the needs of the other party, and confidence is such that monitoring of the other’s motives and actions is relaxed, almost to a minimum. It resembles an “*unconditional*” trust (Jones & George, 1998: p536), like a love affair (Lewicki and Bunker, op cit). It is contestable whether this kind of an arrangement is truly possible in employment situations, and if it is, whether it is desirable. However, at the risk of trailing in advance outcomes of the fieldwork in the theory chapters, the case studies do provide some striking findings in this regard.

It need hardly be noted that trust is not a given in love affairs, and still more pessimistically, the intensity of the trust belief means that betrayal is felt all the deeper. Thus, reliance on an intelligent appraisal of evidence becomes all the more

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<sup>19</sup> *The British and German soldiers struck up an unwritten, even an unspoken, agreement not to fire at enemies collecting food parcels dropped in ‘no-man’s-land’. This was also notable for being in defiance of their superiors’ orders (an incident cited in Axelrod, 1984).*

salient as parties' mutual trust progresses along the continuum of intensity. Just as the over-reliance on deterrence fuels mutual suspicion and thus weakens calculus-based trust, so the lack of objective appraisal of evidence and careless performance monitoring can constitute fatal flaws in love affairs/ identification-based trust. Indeed, Lewicki, McAllister and Bies indirectly urge practitioners to trust, but with a healthy dose of scepticism, when they endorse simultaneous feelings of both high trust and high distrust; that it is best to prepare to capitalise on opportunities from parties' anticipated favourable conduct toward one, but to have in place mechanisms to contain the effect of unexpected undesirable conduct (1998: p450). This creative tension is most productive and, by the definition presented here, the most intelligent.<sup>20</sup>

### **Institutional-based trust.**

Finally, as I discuss later in chapter four, Britain's voluntarist industrial relations would seem to mitigate against the kind of structured, *institutional-based* trust supported by national legislation and dense social networks, that can be found in Japan and some countries in continental Europe (Fukuyama, 1995). Such institutions do not exist in Britain.

That said, Lane rightly guards commentators against the inference that high-trust forms, such as the European institutional structures, are *de facto* better forms, rather than merely different.

We have seen then that trust is inherently dynamic. The degree of trust in a relationship can move in either direction along the continuum of intensity (Lewicki & Bunker, op cit: p119; Jones & George, 1998: p533). It is not a static characteristic of a relationship; it must be constantly made and re-made. (This makes it so fascinating as a subject for research.) The degrees of trust outlined here are thus interim stages in the evolution of a relationship.

But why should anyone bother?

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<sup>20</sup> *The Russians have a proverb for this - "doveryai, no proveryai" - or 'trust, but verify' (cited in Zak and Knack, 2001: p295).*

### Why should we trust 'trust'?

We would do well, I believe, to reflect upon Gambetta's conclusion: *"Asking too little of trust is just as ill-advised as asking too much"* (op cit: p235). Many commentators have argued for the extensive benefits to be gained from trusting people, to counter the *"science of suspicion"* (Sabel, op cit: p178) that has informed much of economics, and management and industrial relations thought.

Trust, it is argued, brokers mutual restraint of each person's opportunism. This in turn should be expected to facilitate behaviours leading to co-operation. Indeed, trust has long been viewed as an especially *"fundamental"* antecedent of co-operative behaviour in (Deutsch, 1958; Blau, 1964) as well as being critical to successful conflict management (Deutsch, *ibid*). Lane (1998: p3) argues that trust (constraints based on self-fulfilling expectations) is one of three control mechanisms available, the other two being the market (constraints based on price) and authority (constraints based on hierarchy). Of these trust entails lower transaction costs, because performance monitoring is less necessary (Williamson, 1975). Higher levels of trust...

*"... reduce the compelling necessity for continually making provisions for the possibility of opportunistic behaviour from the other(s)... It lubricates the smooth, harmonious functioning of the organisation by eliminating friction and minimising the need for bureaucratic structures that specify the behaviour of participants who do not trust each other"* (Limerick & Cunnington, 1993 - cited by Lewicki & Bunker, op cit: p115).

Sako (1992) has argued that the reverse is also true; that low levels of trust necessitate greater performance monitoring and so higher transaction costs. Creed and Miles (1996) claim, persuasively, an inverse link between the extent of control and the extent of trust: where there is too much control there is, by definition, too little trust, and vice versa. Ouchi has identified trust or monitoring controls as the two origins of co-operation (cited in McAllister, 1995: p30), with trust performing better. Typically, suspicious transactions, such as legal contracts, yield only minimal compliance to the letter of the contract, and in setting conditions down in writing, can restrict the scope of the agreement to the terms of the deal, often proscribing extra effort or care (cf. organisational citizenship behaviour).

Use of power can generate collaboration, too, of course. Bachman, and Kelly in his jaundiced reviews of certain partnership case studies, warn us that power can be wielded behind a *“façade of trust”* (Bachman, op cit: p311; Kelly, 1999). There is indeed a world of difference between, as Greenberg put it, *“looking fair and being fair”* (cited by Whitener et al, op cit: p525). This underscores the vital effort of distinguishing between *“genuine”* and *“counterfeit”* programmes for establishing trust-based relations, or indeed a partnership (cf. Wray, 2001). As we have seen, control and coercion only come into play when adequate trust is not present. There is a clear trade-off: greater controls, largely though not completely, lessen the trust, while greater trust obviates the need for controls.

Thus, Arrow (1974) considers trust to be *“the most efficient governance mechanism”*. However, while trust is to be preferred as potentially a more productive tactic, its problem is that it is more difficult to establish, can be time-consuming and may prove costly if deployed in error. As Sabel comments, the dependence on co-operation is the *“cultural contradiction”* at the heart of capitalism (1997: p178).

Trust facilitates change. If we have confidence in the motives of others in pursuing change, we are more likely to co-operate with the change. (Conversely, if we do not have faith in the changes or the change agents, we may either resist, or comply passively or half-heartedly.) Deery, Erwin and Iverson found evidence in an Australian car plant that if employees see *“the industrial relations climate as trustful and characterised by a willingness to address workplace problems collectively, they appear to be more willing to support the adoption of productivity or efficiency-enhancing programmes”* (1999: p550). Freely-entered relations based on mutual trust elicit the stronger *“attitudinal”* commitment to agreed goals, rather than the weaker *“calculative”* commitment that is typically produced by direct coercion, adversarial bargaining, or passive compliance.

Trust allows for the de-centralisation of decision-making and employee autonomy deemed essential for high-performance methods such as total quality management, self-managing teams, etc. In Peccei’s high-trust model of HRM (1997), trust is the key pre-requisite that enables managers to relinquish control over work activities.

The alternatives for managers are to retain complete control, or to permit employee autonomy in an *ad hoc*, inconsistent manner. Trust among parties tends to facilitate an expanded scope for shared knowledge, potentially leading to more informed and more realistic joint decisions.

More generally, trust is considered a valuable commodity for the “*psychological contract*” between employer and employee (Rousseau, 1995; Robinson, 1996, among many). In chapter one I argued that the twin facts of employees consistently citing a desire for job security and a positive working environment (often over and above pay concerns) just as many employers seem desperately keen to retain skilled, committed and flexible staff, would appear to offer a common agenda around which both parties can build trust. Herriot, Manning and Kidd argued (1997) that both employer and employee have complementary agendas at work which can provide a “*simple basis for restoring employee trust*”.<sup>21</sup> However, the enduring preference of UK managers for short-term cost cutting (especially that of labour) may mitigate against this (Blyton & Turnbull, 1998).

Finally, trust is regularly conflated with the popular commodity of “*social capital*”, defined by Fukuyama in his book ‘Trust’ as “*the ability to work together for common purposes in groups or organisations*” (1995: p10; see also Misztal, op cit: p79). Trust creates social capital, and societies which sustain trust-based processes will be more successful: “*Trust-based business costs less*” (Fukuyama, ibid: p27). This is because, as Barney and Hansen argue (op cit), the goodwill inherent in “*strong forms*” of trust contributes most to performance since it is hardest for competitors to replicate. Zak and Knack (2001) set up an imaginative international experiment involving participants from 41 different nationalities demonstrating a degree of trust in investment brokers to act on their behalf. They found that the higher the levels of trust, the lower the performance monitoring, the better the returns on investment, and the greater the overall economic growth.<sup>22</sup>

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<sup>21</sup> Note however the bias in focus on employees bestowing trust, when trust should correctly be viewed as a reciprocal relationship.

<sup>22</sup> Empirically, Fukuyama’s thesis might seem dubious, since the United States – omnipotent economically in recent years – does not strike one as a particularly trusting society, despite Fukuyama’s protestations. Zak and Knack plotted the USA in the negative area on the trust scale (2001: p309); the British are slightly more trusting.

Perhaps means of sustaining trust-based relations on a society-wide, and even global, basis will prove a worthwhile collective response to what Giddens has called our “*age of risk*” (Giddens, 1999). Indeed, trust has been defined as “*confidence in the face of risk*” (Lewis & Weigert, 1985).

### **The establishment of trust: influences.**

Debate among academics continues over the foundations for trust. I concur with Lane that we must not limit our analysis to cognition, behaviour, economics or ideology, but instead view trust as “*a multi-dimensional social reality*” (Lane, op cit: p14; also Bhattacharya et al, op cit: p461). Her co-author Bachman (1998) points to a “*loose coupling*” between macro-level institutional arrangements – what Boon and Holmes call the “*situational parameters*” (op cit) - and interpersonal relations at the micro-level. The former “*underwrite*” trust (see also Misztal, 1995), but are not sufficient in all circumstances to sustain it in the latter. (See chapter four.) From a British perspective, of course, there are no externally enforced institutional arrangements. Our preference for the voluntarist tradition and minimal frameworks has endured.

Accordingly, this sub-section considers the antecedents of, and influences on, mutual trust at a *micro*-level (i.e.: the process of negotiating and maintaining relations *within* organisations); what Boon and Holmes divide into the “*history of the relationship*,” and individual attitudes - or, in their rather curious phrase, one’s “*chronic pre-disposition*” toward trust.

Attitudes and behaviours within organisations support or undermine trust, and it is these attitudinal and behavioural influences that are the main interest of this research. How might we expect to see them established and sustained?

Beyond non-behavioural sources for trust in organisations (which include legal contracts and formal institutions) Gambetta identifies “*pre-commitments and promises*” (1988), of which trust may be said to be an informal promise. Creed and Miles (1996) distinguish between “*process-based*” and “*characteristic-based*” sources for trust. For them, the former is, as per the definition set out here, based on personal experience of mutually met obligations during recurring exchanges, while



“*characteristic-based*” sources include perceptions of a person’s motives and general qualities. This resembles Sako’s “*goodwill*” (Sako, 1992).

But how are these developed and sustained? In this analysis I consider, in turn, the lessons from Whitener et al’s prescriptions for managerial trustworthiness, followed by Axelrod’s insights drawn from game theory, and Walton and McKersie’s distributive and integrative bargaining.

### **Managerial trustworthiness.**

Trustworthiness implies that the subject is worthy of being trusted, (s)he has earned it, which in turn suggests that the impression of her/his trustworthiness has been informed by prior exchange.

Whitener and colleagues (op cit: p516-518) cite five “*categories of behaviour*” that managers in particular – but, I would argue, all pertinent parties - ought to adopt in order to increase the likelihood of employees (or other parties) reciprocating the trust. The five categories of behaviour are:

1. **Behavioural consistency.** By this they mean reliability and, to some extent, predictability of actions that encourages the trustee to take the risk involved in trusting someone: “*If managers behave consistently over time and across situations, employees can better predict managers’ future behaviour, and their confidence in their ability to make such predictions should increase*”.
2. **Behavioural integrity.** Here they echo Dasgupta in meaning telling the truth and keeping promises. This refers to “*the consistency between what the manager says and what he or she does*”.
3. **Sharing/ delegation of control.** This includes input into decision-making, since “*the extent to which managers involve employees influences the development of trust*”. The importance of employee involvement is that, for employees, it renders their external environment controllable, to some comforting extent, or at least subject to their influence. This is critical: “*When managers involve employees in decision making, employees have greater control over decisions that affect them, and therefore, can protect their own interests... When managers share control they demonstrate significant trust in and respect*

*for their employees*". The act of sharing decision-making by definition bestows trust upon the other party, and increases confidence of each party in the process, since they are helping to co-ordinate it. (This of course echoes Fox on job-design.)

4. **Communication.** Information needs to be shared openly, and to be accurate, timely, and explained in its proper context.
5. **Demonstration of concern.** The authors borrow from the literature on justice, which suggests that management concern for the interests of employees - otherwise known as "*benevolence*" - enhances perceptions of justice at work. This means managers "*showing consideration and sensitivity for employees' needs and interests; acting in a way that protects employees' interests, and refraining from exploiting others for the benefit of one's own interests*".

There are a number of concerns about managers' unilateral attempts to instil trustworthiness and efforts to enhance trust levels at work. Firstly, trust levels can be affected by several different factors, not solely an individual manager's display of trustworthiness: organisational structures, cultural norms (a trusting manager may buck an organisation's norms of behaviour), and complementary/ dissonant HR policies and practices, notably reward systems (see the SRRC reader on this issue – Perkins & Sandringham, 1998). Trustworthiness needs to be displayed in a supporting internal environment.

Secondly, such attempts can come into conflict with managers' need to control what happens at work (Whitener et al: p518). Antecedents that affect managers' propensity toward trustworthiness include their own value-system (whether "*self-transcendent*" in the sense of seeing oneself as part of a universal whole and hence feeling empathetic toward others; or "*self-gratifying*", by which is meant an inclination toward hedonism and individualism). The other key antecedent is "*self-efficacy*". The logic goes that whether one feels confident in *one's own* ability to engage in trust will have an impact on whether one does engage in trust-based relations; if one's confidence in oneself is low, one will be reluctant to trust others. This echoes Luhmann's point (1979, cited in Misztal, 1995: p76) that one requires an "*inner security*" before commencing to trust. However, this latter point is not

entirely convincing: while it points to the reciprocity of trust, not everyone has this level of self-awareness, and it is often the most insecure who are the most trusting.

Thirdly, it has been shown that the philosophy of the organisation's founder(s) is a significant force in determining the level of managerial trustworthiness (Zucker, 1986), while in the absence of founders' guiding principles, or their decline in influence, Tichy and Devanna (also cited by Barney and Hansen) argue that organisations require the introduction of "*transformational leaders*" to instil trustworthiness.

As we shall see in chapter three, both the content and the process of creating a partnership agreement draw on these insights for establishing trust-based relationships.

### **Game theory.**

An especially useful model for analysing the processes of establishing mutual trust, and thence co-operation, and thence partnership is game theory. Axelrod set out in his influential work, 'The Evolution of Co-operation' (1984), to test the effectiveness of different bargaining tactics for participating in a 'prisoners' dilemma'.

The dilemma is simple: two protagonists seeking the best outcome for their own self-interest enter into a transaction with each other. Neither can have prior knowledge of the other's intentions and there is no central authority to regulate their behaviour. Their choice is simple: to co-operate or 'defect'. Should both defect, both receive a small sum, 1 point, the punishment for mutual defection; should both co-operate both receive the better reward for mutual co-operation of 3 points. However, should one co-operate and the other defect, the defector receives the temptation to defect – 5 points - while the co-operative player is left with the "*sucker's payoff*" – 0 points. Thus, "*no matter what the other does, defection yields a higher payoff than co-operation. The dilemma is that if both defect, both do worse than if both had co-operated*" (Axelrod, 1984: p8).

Does industrial relations constitute a prisoners' dilemma? I believe so (see too Metcalf, 1989):

1. As I suggested above, in the UK there is no overarching authority (no institutional arrangements) dictating how industrial relations ought to be handled.
2. At the organisational level, the relationship would appear likely to remain permanent for the foreseeable future inasmuch as a management team and a workforce will continue to interact, and to negotiate the means of managing work activities within the organisation (where there are no plans to close the plant, or – where relevant – to de-recognise the unions).
3. Regular encounters between managers and employee representatives mean that each party has the opportunity to appreciate, evaluate and influence the other's strategy, and so to consider developing trust as an alternative to adversarialism.
4. Finally, self-interest served through 'defection' is conceivable, and achievable (if not always desirable) for both sides. This is a crucial point: each party has available sufficient power to defect, with damage suffered by the other party.

So, companies and their workforces are indeed locked into a prisoners' dilemma. What are the different strategies available to each player?

### **Consistent Reciprocity (CR).**

Axelrod organised a computer tournament pitting strategies against each other in the prisoner's dilemma. The strategy that performed best of all Axelrod calls TIT FOR TAT [his capital letters]. The name suffers from its everyday connotations of petty and guileless recrimination for the sake of it, but in Axelrod's terminology TIT FOR TAT refers to a strategy of CONSISTENT RECIPROCITY (hereafter CR), which as a name I prefer.

A party using CR will co-operate on the first move, then will repeat the other player's last move. Co-operation is rewarded with co-operation (3 points each); defection is punished with defection (1 point apiece).

The qualities of CR are four-fold:

1. Firstly, and critically, it begins optimistically, in a mood of co-operation. *It is willing to trust*. This attracts other co-operating players, and a mutually beneficial pattern of reciprocated rewards is quickly established that remains profitable and desirable. (See below for additional commentary on this important point.)
2. Secondly, and relatedly, CR cannot be exploited after the first move, when one player may receive the “*sucker’s payoff*” if the other player defects. Thereafter it punishes defection just as it rewards co-operation, reinforcing the benefits of reciprocated trust.
3. Thirdly, this consistency of behaviour at all times makes the CR tactic easily recognisable after a few encounters. This should alert a defecting player to the advantages of co-operation, and CR’s forgiveness helps to re-establish co-operative relations. Reciprocity is an educative strategy: CR advertises for and rewards mutual trust.
4. Finally, as well as profiting from other co-operative strategies, CR wards off defectors. The principle of reciprocity means that any sneaky defection to exploit goodwill will not be tolerated, and will rebound on the other player, as well as the CR player. “*Trust tends to evoke trust, distrust to evoke distrust*” (Fox, 1974a: p67).

Intriguingly, beginning in a spirit of trust flies in the face of received economists’ logic, which assumes that all agents are inherently untrustworthy. Yet Miles and Snow put it succinctly: “*We build trust by trusting and... by taking the risk that our trust will be returned*” (Miles & Snow, 2000: p458). Conversely, by refusing to trust on the first exchange one indicates a personal pre-disposition *not* to trust and not to co-operate with others, but also that one does not expect trust to come from the other party *either*. Such suspicion invites reciprocal suspicion; distrust leads to distrust. A reasonable other party would be expected to treat a person displaying such tactics with caution. Trust begins by “*keeping oneself open to evidence*”, and “*acting as if one trusted, at least until more stable beliefs can be established on the basis of further information*” (Gambetta, op cit: p234; also Fells, 1993: p39).

CR, once enacted and with sufficient confidence that the other parties possess the competences to return the favour, should encourage co-operative behaviours in return, and from there, generate mutual trust (McAllister, op cit: p26) that, in its turn, sustains the co-operation, which further enhances the mutual trust, and so on. This is not fanciful thinking, as the unspoken agreement between the soldiers in the First World War trenches demonstrates. In a situation where both sides are locked into an ongoing series of encounters, and both have the choice to co-operate or defect, and neither is constrained nor advantaged in any way, Axelrod found CR to be the best strategy to adopt. We might expect to observe the qualities of CR in the negotiation of the partnership agreement.

Axelrod offers four principles underpinning a strategy of CR. They are:

1. *Enlarge the shadow of the future.* No form of co-operation can be stable if it does not matter what happens to the relationship in the future. The importance of the relationship to each party should be emphasised, perhaps by locating a common enemy or super-ordinate goal. In addition, the threat of swift retaliation should any party defect also sustains trust. Efforts to commit players to a regular strategy [such as with a publicly-disseminated partnership agreement] can also engender behavioural commitment to the cause and so help in the first instance to ensure the appropriate behaviours. Increasing the frequency of the encounters means that the payoff or payback of whatever selection each player made previously comes swiftly. Delayed response diminishes the perceived link between cause and effect.
2. *Never be the first to defect.* This sends a positive message, that the agent wishes to forego the potential riches to be had from exploitation, and wishes to promote mutual co-operation as the best deal for both parties. Co-operating parties will thrive off each other. Correspondingly...
3. *Practice reciprocity.* Reward co-operation and punish defection. This simple rule means that as well as establishing co-operation the CR-operating party cannot be exploited.
4. *Do not be envious.* The relative gains of the other should not serve as the yardstick for assessment of one's own performance. This is redolent of a 'zero-sum' or 'win-lose' mentality which debilitates progress toward co-operation.

Instead, Axelrod recommends assessing how another person in the same situation could best perform.

There are weaknesses to the CR strategy. Its main stumbling block is that as it punishes defection each time, this is likely to set off protracted echoes of recrimination through the next few moves. But such an echo is likely to last only as long as the other player needs to realise the robustness of CR's reciprocity. Axelrod has tried to adapt this strategy to prevent the cycle of recrimination by punishing a defection with a defection only nine-tenths the strength of the other's foul move (Axelrod, 1997). But the appeal of what might be called the 'no bullshit' exact retaliation to a defection is that neither party can be taken for a sucker after the first move. This also addresses Gambetta's concerns about "*peace signals* [i.e.: offers of co-operative relations] *used as a trap*".

CR scored consistently the highest of all the strategies. What of the alternative options? One, called JOSS after the author (or, as I prefer, OCCASIONAL SNEAKY DEFECTION), follows the principle of CONSISTENT RECIPROCITY, but every so often (10% of all moves) will throw in a random defection to exploit co-operative players. Two other strategies known as TRANQUILISER and TESTER do something very similar. In a real scenario, one might imagine a management or union team 'mistakenly' or 'accidentally' releasing sensitive information to a wider audience about the other, in support of an argument and to force the other's hand. Both tactics may profit from some of the more forgiving players (i.e.: 5 points instead of 3 or 1). However if other players retaliate, as one using CR tactics would, this can set off a lasting chain of defections (1 point each) until co-operative behaviour is restored, recognised and trusted again. Short-term advantage from unprovoked one-off defections can damage even long-standing relations, and break the fragile trust established. For whatever motive - pride, envy, spite, desperation, boredom - it is not worth it, *if* the other player is likely to retaliate.

One of the more sophisticated strategies, which I call UPDATE ESTIMATE OF LIKELY NEXT MOVE (UELNM), but is named after its author DOWNING in Axelrod's work, begins out of rational self-interest, by defecting, then stores information on the other player's responses and assesses whether co-operation or

defection will yield the best results. The cautious, analytical approach of UELNM is admirable in that it seeks to understand the other's strategy and act accordingly, and treats co-operation as a dynamic process of negotiation and revision. UELNM contains one fatal flaw, however. Its pessimistic, non-trusting opening move produces an echo of recriminating defections from all but the most naive players whereas, as we have seen, optimism from the outset (i.e.: assuming the other party's trustworthiness until proven otherwise) would have yielded greater reward. Also, unlike the simple constancy of CR, the UELNM strategy requires highly sophisticated analytical skills, sufficient time to conduct the analysis and a fair amount of good fortune. The simplicity of CR avoids this.

What about militant confrontation? One tactic is known as ALL D, or defection at all times. This strategy proscribes the other player's move: there is no point in even suggesting co-operation, as it will be punished each time, so each player defects and must settle for the meagre outcome (1 point each). However, if there are other players willing to co-operate with each other, they will quickly cluster together and thrive in their dealings (3 points each, every time). ALL D's inability/ reluctance to adapt its strategy to changes in the environment will eventually isolate it, and render its strategy obsolete (a finding that hard-line, unbending parties would do well to consider). Similarly, PERMANENT RETALIATION (FRIEDMAN in Axelrod's work), where the player co-operates (0 points if the other defects, or 3 points apiece if reciprocated) until the first defection, then defects forever more (1 point each *ad infinitum*), suffers diminishing returns, as its lack of forgiveness means it too cannot adapt and profit from otherwise co-operative players. In the next chapter, it will be seen that these insights too are reflected in the process of creating a partnership agreement.

### **'Distributive' and 'integrative' bargaining.**

Walton and McKersie's work (1965) on a behavioural theory of labour negotiations has much in common with both trust and partnership (and the tactics of CR). In particular, their conceptualisations of 'integrative bargaining' and the 'attitudinal structuring' required to envision and achieve substantial change offer complementary insights into the process of establishing trust.



Integrative bargaining is not a process of compromise, for compromise deals with what already exists; integration creates something new by way of a solution. Integrative potential *“can be exploited only if it is first discovered, its nature explored and it is then acted upon by the parties”* (ibid: p137).

Walton and McKersie expect to find the following taking place in what is, in essence, a joint problem solving process:

- Both parties articulate their motivation and willingness to resolve common problems through joint effort (p139).
- The problems on the agenda are not explicitly distributive issues. They are phrased in shared terms: *“our common problem to be jointly resolved”* instead of *“management’s proposal re: issues X”*.
- Each party is given all relevant information with which to approach the problem, and the authorisation to use it (p140). Integrative solutions cannot emerge *“if parties are not candid with each other”* (p148).
- Imagination and creative thinking is deployed to seek mutual gain, which requires that there be no *fait accompli* solutions.
- Dogged persistence is needed over sufficient time to work through conflicts of interest in the search for integrative solutions. There should be no fixed timetable.
- Each party commits themselves to developing mutual trust: *“A supportive and trusting climate facilitates joint problem-solving. Defensive and low-trust atmospheres inhibit the process”* (p141). They are emphatic about the need for trust. Trust allows for the information communicated during problem solving to be received as intended, rather than distorted by suspicion, cynicism and hostility. Competitiveness and defensiveness lead to selective deafness, and the inefficient processing of information. Trust supports innovation and imagination in assessing the problem. However, shared information must not be abused, or used outside the common agenda.
- Gains and losses should not be too unbalanced.

Their prescriptions all have obvious parallels with what has been promoted as partnership: the joint commitment to the success of the enterprise, sharing the success of the enterprise, effective information sharing and consultative processes

(using joint problem solving techniques), and the same commitment to building trust.

Walton and McKersie recognise however the inherent dilemmas in the development of trust (p276), principally that to trust necessarily proscribes more distributive tactics, which would be seen as abuses of trust. But they too note that the short-term gains to be had from distributive bargaining often come at the expense of deteriorating relations in the longer term.

Similarly, their assessment of ‘attitudinal structuring’ – how parties mould the approach of the other party in negotiations – resonates with analysis of trust. They argue that parties in a relationship develop a “*pattern*” of interaction and a “*central tendency*” toward the other(s). These they categorise as conflict; containment/aggression; accommodation; co-operation, or collusion (p185). Partnership, as described in this thesis, most closely resembles co-operation<sup>23</sup> where there is complete acceptance of the legitimacy of the other, concern for the other’s welfare, and an extended and shared problem solving agenda (strikingly similar to that advocated today) that is resolved through respect, mutual trust and friendliness:

*“Productive efficiency, the solvency of the firm, elimination of waste, advance of technology, employment security, and so on are treated as matters of common interest”* (p188); *“Parties do not have attitudes which prevent them from fully exploiting the integrative possibilities”*.

But at the same time co-operation does not “*make [parties] lose sight of their primary responsibilities to the separate and distinct interests*” of their respective constituencies (p206).

The movement from a competitive, conflictual relationship pattern toward a more co-operative one will see the scope for distributive bargaining restricted, parties often electing to trade distributive gains to progress attitudes toward co-operation (resisting ‘defections’ to proceed further along the continuum of trust). The potential for integrative bargaining is accordingly extended. Integrative bargaining and attitudinal structuring are, in Walton and McKersie’s view, “*generally mutually enhancing*” (p279); put simply, the latter facilitates the former, while the former

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<sup>23</sup> ‘Collusion’, incidentally, is considered an illegal form of collaboration outside the realm of law.

bolsters the latter. This of course mimics the trust literature: confidence in the other party encourages mutual-gains problem solving, which justifies the confidence...

In Walton and McKersie's several models, attitudes shift over time, and in response to outcomes, in "*a rational and interpersonal process*" (p210). Both qualities of the process are significant; the change is, as indicated above, based on an intelligent appraisal of the evidence, and it is conducted primarily between individuals, or sets of individuals face-to-face.

Tactics for shifting attitudes vary according to the quality of the relationship between the parties, but they have much in common with both the partnership model and recommendations for improving trust. They include identifying commonalities (in interests and dislikes, language, shared problems and shared threats) and a de-emphasis of differences. They recommend increasing the frequency of interactions, working on substantive issues of significance to the other, consistent reciprocity ("*returning the favour*", in their terms, keeping one's word and acting in "*a good-faith manner*"). Each party confers status and respect on the other, rather than more antagonistic attempts to undermine the other's position. Support for each other during the transformation of personal attitudes and mind-sets is also considered important. "*Recourse to institutional sanctions*", rather than personal aggression, can be taken to mean referring to the principles of engagement enshrined in a partnership deal as controlling parameters around behaviour. A focus on securing mutual successes is urged, again.

Thus, the parallels between the four disparate literatures are readily apparent. Some, or all, one would expect to be able to observe readily in a partnership process.

In the following chapter I present my theory and model, which combine insights from each of these theories with the elements of the IPA model for partnership.

### Chapter 3. The development of trust through partnership.

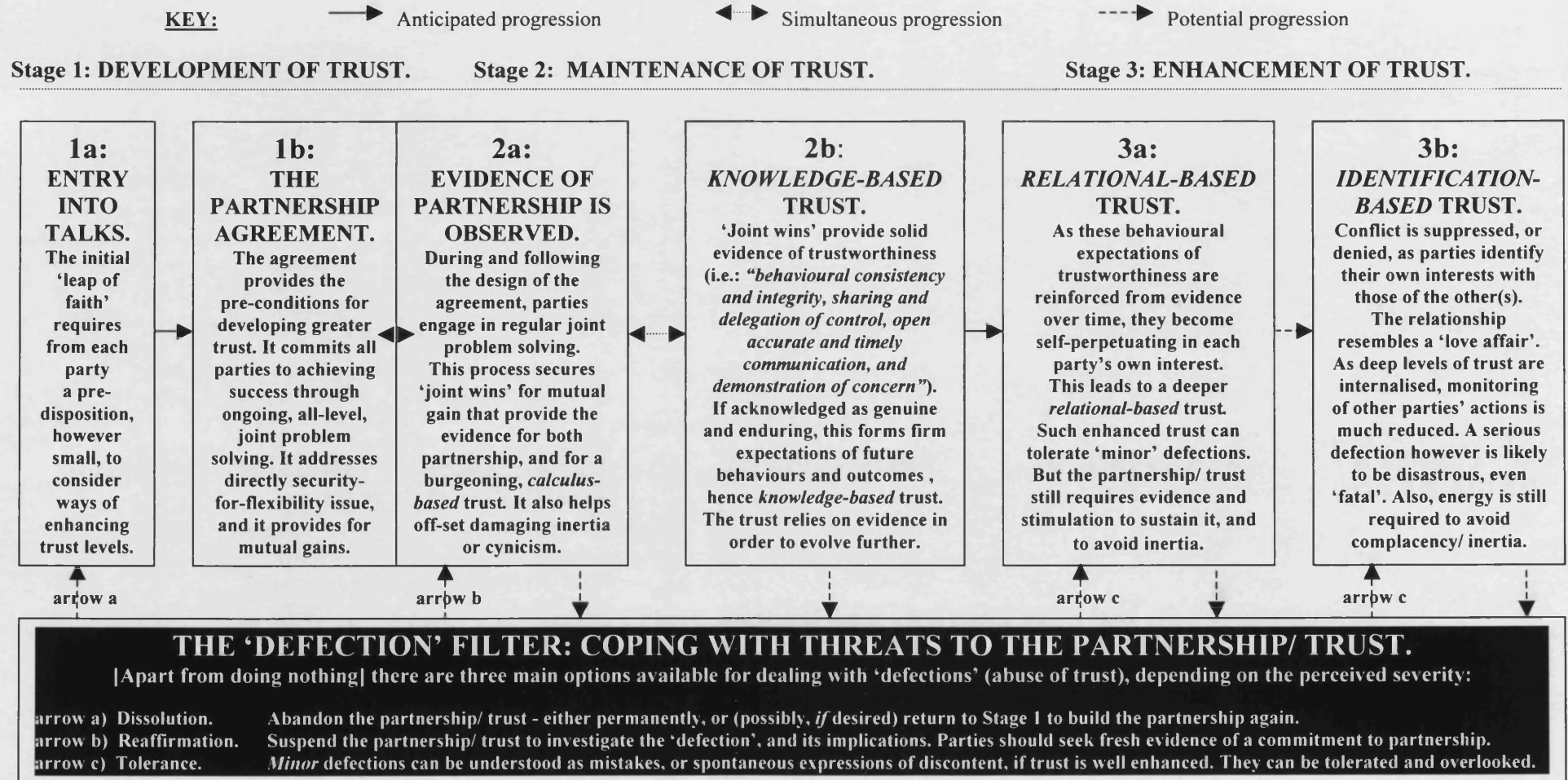
In chapter one I argued for the IPA's partnership model as the most coherent. In chapter two I presented a detailed conceptualisation of how we ought to define and understand trust at work, and I went on to draw the salient learning points from a number of the more compelling sets of recommendations for establishing, developing and sustaining mutual trust. This chapter constitutes an attempt to draw the two preceding chapters together.

Here I present my theory and model for mapping the development of mutual trust through partnership. I intend for the three-stage theory to explain and account for the progress of organisations that have embarked upon the partnership programme, and to predict the likely outcomes of certain incidents that might affect the partnership. It is set out in Figure 4. It combines all four of the main theories presented thus far: the IPA partnership model, the theory of trust-based relations, Walton and McKersie's 'integrative' bargaining, and game theory's recommended tactic of 'Consistent Reciprocity'. (It has also been shaped by the testimonies of participants in case study accounts of partnership organisations.)

The model is split into the widely acknowledged three stages of formulating trust-based relations: development, maintenance and enhancement. These parallel the "*early*", "*developing*" and "*mature*" phases identified by Lewicki and Bunker (1997), but Rousseau and her colleagues' "*building*", "*stability*" and "*dissolution*" stages (1998: p396) rather underplay the nuances evidenced within 'stability'.

These three stages represent trust's iterative progress. However, progress in trust-based relations is not linear, and an ever-present opportunity for exit or defection (depicted by the dark 'defection filter' box at the bottom running the length of the trust-building process) represents trust's fundamentally dynamic nature: both the progressive and regressive movement along the continuum of intensity (from chapter two). The diagram serves to provide a visualisation of the path of progress toward mutual trust through partnership, and the interdependence between the two. The stages involved in developing mutual trust through partnership are set out below. How this *actually* happens is examined in the fieldwork study.

Figure 4 – Establishing mutual trust through partnership – a diagram of progress.



### **Stage 1: Development.**

- **1a.** Each party's reception to the idea of engaging in trust-based relations will be significantly affected by three factors, according to Jones and George (1998):
  - A certain value attached to the idea of trusting people in general (a pre-disposition, however small, to consider trust as an option for regulating the relationship)
  - A further evaluative attitude toward the benefits of engaging in trust in the specific relationship under consideration. This may, as Fox noted (1974a: p90), be constrained by an ideological perspective on the employment relationship.
  - An overall mood, whether positive or negative, that day.

In the first stage, each party's preliminary evaluation of trust needs to be nurtured gradually, toward the "*leap of faith*" that is prepared to consider trust as an option. It is helpful if each party, separately but ideally together, appraises the relationship's situational context: the pros and cons of the present arrangement, and the threats and opportunities the relationship faces (cf. Axelrod). Open, honest and transparent information sharing is thus critical. This process itself can engender collaborative efforts that can increase trust levels.

- **1b.** From the "*leap of faith*", parties negotiate a "*genuine*" partnership agreement. Such an agreement will comprise all elements of the IPA model. (See 'Inertia' below for the potentially damaging outcomes arising out of a weak agreement.) In the spirit of co-operation and burgeoning trust, one would expect that the design of the partnership agreement will be conducted in a positive process of joint problem solving, rather than being imposed by one or more parties on all constituencies. It is important that all parties benefit in some way from the arrangements.

### **Stage 2: Maintenance.**

- **2a.** This stage happens concurrently with 1b – the design of the partnership agreement - and should feature a shift in bargaining behaviour that exemplifies the partnership approach (as per Walton and McKersie, from

“*distributive*” toward “*integrative*” approaches). It should produce joint wins. In layman terms, this is “*walking the talk*”.

- **2b.** Following the endorsement of the new arrangements, and provided that enthusiasm and energy is maintained (see ‘Inertia’ below), and wilful abuses of trust are avoided (see ‘Defections’ below), then the continued evidence of goodwill and joint problem solving for mutual gain will, over time, establish a pattern of consistent positive behaviour from each constituency toward the others. This evidence should be observable and assessed as sincere and valid by most, if not all, participants. This generates the “*frame-shift*” into positive forms of trust, beginning with ‘knowledge-based trust’. The mutual trust and mutual gains embed, reward and help sustain these behaviours. A virtuous circle develops.

### **Stage 3: Enhancement.**

- **3a.** *Only* when sustained consistent behaviour based on mutual gain is apparent and durable will a ‘relational-based trust’ emerge. The increased frequency of regular interactions, and the improving ease with which the process generates mutually beneficial outcomes, can lead to an emotional bond among those most closely involved.
- **3b.** It is possible that the trust will cement into a (seemingly) permanent dissolution, whether real or imagined, of constituencies’ separate interests, similar to ‘identification-based trust’. But this is by no means an inevitable or necessary (or even desirable) development.

### **Inertia.**

At any stage after the formal commitment to a partnership, the relations may founder. This may occur as a consequence of a perceived lack of will, or the non-appearance of tangible benefits. (On the latter point, it is important to recall Axelrod’s advice not to be envious.)

Partnership in weak and ineffective forms may only produce a weary, uninvolved resignation and ambivalence toward the new relations, or minimal, rather half-

hearted efforts to develop mutual trust. Incidents of collaboration may not be taken as evidence of trust. A weak, still suspicious 'calculus-based trust' will persist, characterised by a gnawing anxiety about the imminent shock appearance of 'the catch'. Sheppard and Sherman's typology of four forms of trust – "*shallow dependence*", "*shallow interdependence*", "*deep dependence*" and "*deep interdependence*" – illustrate the qualitative differences (1998). A weak partnership would be expected to generate only "*shallow dependence*" (a passive concord between the parties, but with the weaker party neither committed to the partnership nor especially the relationship). A "*shallow interdependence*" partnership suggests a calculative and fragile relationship between reluctant, or ineffective, partners. One would expect a stronger partnership to exhibit behaviours associated with a "*deep interdependence*": a mutually beneficial, positive and enduring joint process. However, "*deep dependence*" – at least, according to Sheppard and Sherman's definition – suggests that the weaker party participates in the arrangement because there is no feasible alternative option. This may describe the initial workforce rationale for some partnership arrangements - the 'Hobson's choice' of partnership versus factory closure/ mass redundancies - but the "*deep dependence*" form does not provide for mutual trust; only the trust of the omnipotent in the impotence of the weak.

Thus, to prevent the development of the partnership lapsing into one of the less robust forms, sustained impetus and enthusiasm, and the production of tangible joint wins, are essential, particularly throughout the first two stages, lest inertia and cynicism claim the partnership.

### **Defection.**

More seriously, as chapter two showed, partnership and the burgeoning trust-based relations are constantly prone to threat from what in game theory is called a 'defection': an incident, whether intentional or trivial (or not) from one of the parties that undermines confidence in the agreed exchange of obligations. "*Violation of expectations can break moves towards trust*" (Fells, op cit: p38, citing Meeker); "*disconfirmation of expectations is unsettling*" (Lewicki and Bunker, op cit: p127). In boxing terms, trust has a glass jaw.



Worse, this threat is ever-present; the dark 'defection filter' box shadows the trust-building process above it. This reinforces the virtue of Lewicki, McAllister and Bies' insight that the 'trust' belief is an aggregate appraisal of previous interactions. The risk from defection is "*cumulative*": the deeper the trust the greater the risk becomes (Sheppard & Sherman, op cit: p423). Jones and George write, "*the strength of the perceived violation that puts trust to the test is the key contingency*" in determining how the aggrieved party responds (also Lewicki and Bunker, op cit: p126-128).

According to the perceived injustice, the aggrieved party has three options, apart from doing nothing:

- a) **Dissolution.** A defection might be considered serious enough to annul completely the entire relationship.
- b) **Reaffirmation.** A defection may lead to the suspension of the relationship while an investigation is undertaken into the severity of the defection, and the reasons for it. The aggrieved party will test for renewed evidence of the desire for a trust basis to the relationship.
- c) **Tolerance.** Minor defections can in fact be tolerated, and their consequences ridden out, if the trust is deep and confident. (Equally, however, the rationale for tolerance may be informed calculatively by a desire to avoid the even worse consequences likely after following either of the other two options.)

These three main options are represented by arrows 'a', 'b' and 'c' respectively in the diagram.

The decision on how to respond to a defection ought to be a calculated judgement based on a rational evaluation of the circumstances. However, the combination of rendering oneself vulnerable, and the embarrassment and loss of confidence suffered by misplaced trust, is such that emotions will still exert a powerful influence on the judgement.

In the early stages, with little history of mutually trustworthy behaviours, and so only a modest degree of trust between the parties, expectations might not be that

high anyway, and confidence in the other(s) low. In these circumstances, a 'defection' will undermine the relationship if it only serves to confirm one's initial suspicions. However, a joint process that includes a shared appreciation that mistakes will probably be made, and that the trust-building will take time, can stave off recourse to dissolution of the relationship, but will likely delay progress toward deeper trust levels.

Deeper trust levels though are, paradoxically, more problematic. During developed stages a defection does violate established reciprocal obligations and principles, and *"evidence to the contrary provides a rational basis for withholding trust"* (McAllister, op cit: p27). The aggrieved party must reappraise the evidence of the other party's continued *"goodwill"* (cf. Sako, 1992). If this is now absent, there is little option but dissolution. However, if the defection is an error or accidental, or perhaps even a 'shot across the bows' (cf. the 'occasional sneaky defection' tactic) the aggrieved party may be in a position to 'correct' the offending behaviour, whether through (for want of a less ominous phrase) a 're-education' intervention, or a retaliation (cf. the 'CR' tactic). They may then resume the relationship. A problem is that the degree of trust may have diminished, or receded along the continuum of intensity, and will take time and renewed positive effort to restore trust to a qualitatively better degree. Violations of relational- or identification-based trust can be tolerated, if they are minor. But serious defections can be *"relationship-transforming events"* (Lewicki and Bunker, op cit: p127).

One further paradox of trust is that it may be irrational to continue to trust, but alternatives are unsustainable too; the parties are, as in a bad marriage, stuck with each other in mutual and bitter antagonism. A positive corollary of this, however, is that the risk of defection is, rationally, too great to contemplate.

### **Trust and partnership: the role of principles.**

Gambetta reminds us that the spontaneous evolution of co-operation is only just as likely as its opposite, unless restrictions are placed on parties' beliefs (1988: p227). A formal partnership agreement is one such restriction. The early stated commitment to the success of the enterprise – often the first statement of a partnership deal - helps to initiate the search for grounds for mutual trust. It provides the super-

ordinate shared goal; it “*enlarges the shadow of the future*” (cf. Axelrod). It also provides a permanent target to aim for, and reference to it can rein in contrary behaviours. Indeed, Sherman and Sheppard (1998: p432) recommend that changes in the qualitative nature of trust be marked by some form of public declaration of commitment. A formal partnership agreement satisfies this. Moreover, identifying such an uncontroversial (one would think) joint objective should motivate parties to begin the search, even if what constitutes “*success*” and “*joint commitment*” may remain undefined in the early stages.

The IPA set of joint commitments indicates that the relationship is expected to last. There is further merit in attaching a long-term timetable to the agreement, as Good recommends, this ties parties into a period of time long enough to allow trust to develop. There should then be patience, and no disgrace in interim periods of failure. If the implications of recognising each party’s separate and legitimate interests are carried through, then the principle embodies the “*demonstration of concern*” and “*behavioural integrity*” recommended by Whitener et al, while the implications of the principle, “*building trust and increasing employee involvement*”, for trust-building are self-evident. Building trust should be a “*specific activity in the process of reaching an agreement*” (Fells, 1993: p37), rather than incidental or even neglected.

But, if it were only a matter of creating the perfect mission statement, management teams could dispense with the practices of partnership. Clearly, in itself this statement is not sufficient.

### **Trust and partnership: the role of practices.**

There must therefore be an exchange of tangible benefits among all parties for a partnership and trust to be appraised as a worthwhile strategy. Addressing policies aligning constituencies’ interests to mutual success provide a pluralist framework for reconciling these separate interests while pursuing a joint objective. A carefully-drafted agreement, that commits the management to employment protection measures, while heralding a raft of flexible work practices, cements the joint approach to problems for mutual gain.

Partnership advocates propose conducting the relationship through positive joint problem solving (see below), with two of the most important problems to resolve being, firstly, a trade-off between employment security and flexible work practices, and then policies for sharing success. The increased influence in organisational decision-making, guaranteed employment security and a share of the spoils also answer the “*what’s-in-it-for-me?*” cry from sceptical employees (the ‘valency’ of partnership, in expectancy theory terms).

Employment security provisions reduce the risk for the workforce (and their representatives) in, firstly, committing to a “*leap of faith*” into a trust-based relationship, and then, to support for flexible work practices that might necessitate a reduction in headcount (i.e.: job losses). It can increase confidence in the process, despite the vulnerability; those that survive are ‘safe’ – for the time being.

An element of sharing success ties the interests of the workforce, and indeed the management team, to ensuring the success.

However, if at any stage tangible benefits dry up, or appear only relatively superior to what might be secured in a relationship conducted according to very different principles, then disillusionment can set in, and the positive disposition upon which trust relies can be subject to a withering review. More damagingly, trust abused is extremely difficult to revive (see above).

### **Joint problem solving and information sharing.**

How then is this realised? As outlined in chapter one, the process of negotiating an agreed settlement is one of joint problem solving for mutual gain, with significant influence exerted by employees and/or their representatives on the outcome of the decision, prior to the decision being made.

The building blocks of communicating more openly and sharing sensitive information and consulting frequently – plus their sister processes of engaging in “*integrative*” bargaining tactics and applying the principles of “*consistent reciprocity*” - are essential here. It would be contradictory, if not hypocritical and

cynical, to sign a partnership agreement, and then to revert to distributive bargaining tactics or adversarialism.

In the early stages of a partnership, greater knowledge of, and appreciation of, the other party's agendas and plans helps to promote shared understanding, and begins to diminish the fear and suspicions associated with the risk of engaging in co-operation and trust. Regular and consistent meetings to share information and objectives, especially over a mutually agreed common agenda, in time help each party familiarise themselves with the other(s), not only as combatants but as 'fellow human beings'. Fells recommends information sharing, particularly over future agendas, as an essential catalytic step toward developing trust (op cit).

However, this is likely only to happen when an adequate level of trust has been established. Thus, at some stage, one party – more usually the management – will have to initiate trust-building by indicating their preparedness to trust. Sharing sensitive information provides a real challenge/ opportunity to the other party/ parties, inviting them to demonstrate their trustworthiness; to reciprocate the trust. Information sharing also allows each party to make the crucial *"intelligent appraisal of evidence"* required before one can trust another with any conviction.

The parties must then approach this information with a view to producing joint, mutually acceptable solutions. From here an agreement can be reached. Securing agreement also reinforces the virtue of the consultative process. As Sabel notes, the use of joint problem solving *"reinvokes, by redefining, the consensus on which [it] was founded"* (1997: p163).

Finally, information sharing and joint consultation provide monitoring opportunities to discover any abuse of the spirit of the deal. Sabel notes that robust consultative processes blur the line between articulating the consensus and policing it (ibid).

### **Provision for an employee voice.**

As managers have at their disposal disproportionate control over resources and decisions in order to rein in unacceptable behaviours from the workforce, there needs to be a countervailing force. Partnership implies rather more than getting on

well; it implies a more or less equal balance of, at least influence, if not power. Independent and effective representation of the workforce - with sufficient resources, authority and legitimacy to influence decision-making prior to the final outcome, plus the sufficient resources, authority and legitimacy to punish managerial defections - is the only realistic force available. Returning to Sabel, he notes of 'constitutional orders', which partnership may be said to resemble closely (see chapter one), that "*trust-based governance structures have rich, consultative institutional structures whose very existence belies the assumption that the agents expect their actions automatically to be harmonised by a confluence of beliefs*" (1997: p163).

What is essential is that the workforce be accorded sufficient influence to *shape* organisational decision-making, not to control it. While trade unions do provide the best countervailing force to employers' will, representation of the workforce, or an employee voice, need not require a trade union (see chapter one).

One cannot claim 'partnership' status for a relationship without the mutual capacity to resist and to punish abuse. This surely means that *weak* staff forums, whose remit is confined only to local trivialities (the so-called 'tea-and-toilets' agenda), ought not to be worthy of the 'partnership' title. Similarly, for unionised forms of partnership, no-strike clauses are antithetical to partnership, as a concession of power too far. No unionised partnership can have a no-strike clause.

Workforce influence and strength distinguishes partnership from helplessness, passive compliance to diktat, or abject acquiescence. Partnership then is not "*unions getting into bed with managers*"; nor is it, in Kelly's memorable analogy, "*the partnership of the street mugger and his victim*" (in The Guardian, 8 August 1998). But this does invite the question, what punishments are available to the weaker side (i.e.: the employees), especially in unorganised work settings? And what is the potency of the threat? This is a matter of special concern in the UK where organising formal resistance (such as a strike) is a protracted and complex undertaking. Cutcher-Gershenfield (1991) found that economic adversity often led management "*to make unilateral decisions which disturb the spirit of co-operation*", and noted

the advantage of representative participation from providing “a forum where both parties can formulate strategies for dealing with these shocks”.

In summary, the process of establishing an *IPA-style* partnership agreement dovetails neatly, for reasons I set out below (see Table 3), with the complementary prescriptions for establishing trust.

**Table 3 – The links between trust and partnership.**

<b>Mutual trust element</b>	<b>IPA partnership element</b>	<b>Employment relations practice(s)</b>
<b>The relationship is ongoing and reciprocal.</b>	<ul style="list-style-type: none"> <li>- Joint commitment to the success of the enterprise</li> <li>- Provision for employee voice.</li> <li>- Commitment to the legitimate roles of each party.</li> <li>- Mutual gains (such as employment-security-for-flexibility, and through sharing success).</li> </ul>	<ul style="list-style-type: none"> <li>- A mission statement to this effect?</li> <li>- Representation and consultation provisions (at all levels, and at the early, ‘glint-in-the-eye’ stage).</li> <li>- Commitment to no-compulsory redundancies (retraining and redeployment first).</li> <li>- Pay deal linked to organisational performance, profit-sharing or employee share ownership.</li> </ul>
<b>The future is uncertain; it contains an element of risk for both parties.</b>	<ul style="list-style-type: none"> <li>- Provision for employee voice.</li> <li>- Mutual gains through sharing the success of the enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>- Representation and consultation provisions. Also addressed through the employment-security-for-flexibility policy (sharing the risks) &amp; information sharing.</li> <li>- Pay deal linked to organisational performance, profit-sharing or employee share ownership.</li> </ul>
<b>All parties have the capacity to inflict damage on others.</b>	<ul style="list-style-type: none"> <li>- Recognition of legitimate separate interests.</li> <li>- Provision for employee voice.</li> <li>- [The option to ‘default’ should be available to all.]</li> </ul>	<ul style="list-style-type: none"> <li>- Excludes “no-strike” deals.</li> </ul>
<b>The relationship is a freely-agreed arrangement.</b>		<ul style="list-style-type: none"> <li>- Absence of threats (beyond evident, and jointly recognised, commercial realities).</li> <li>- Secret ballot of the workforce should endorse the deal.</li> </ul>
<b>There is an intelligent appraisal of evidence.</b>	<ul style="list-style-type: none"> <li>- Negotiations over a period of time.</li> <li>- Information is shared openly and equally.</li> </ul>	<ul style="list-style-type: none"> <li>- Information is shared openly and equally.</li> <li>- Training in basic finance and business context (if required).</li> </ul>
<b>The appraisal of evidence is subjective.</b>	<ul style="list-style-type: none"> <li>- Commitments taken on the consciously developed trust.</li> </ul>	<ul style="list-style-type: none"> <li>- Regular interactions (joint committees, special forums, etc).</li> </ul>
<b>Each party has a positive disposition toward the other.</b>	<ul style="list-style-type: none"> <li>- Expected to emerge through the commitment to “building trust”.</li> </ul>	<ul style="list-style-type: none"> <li>- Behavioural training.</li> <li>- ‘Quick wins’ achieved.</li> </ul>

The process of negotiating and establishing a partnership agreement (stage 1b) can thus be seen as a moderating variable for producing mutual trust in the employment relationship – at least, according to existing accounts from partnership organisations.

The model mirrors closely that produced by Guest and Peccei (see Figure 2), with partnership refracted through internal behavioural transformations and attitudinal improvements, which in turn have an impact on internal performance.

For the reasons set out above, we would expect genuine partnership arrangements to produce significantly higher reported degrees of trust.

Accordingly, partnership is a model that ought to be implemented in full. To have only the principles without the practices is to have merely produced a facile mission statement. To have only the practices, but with no overarching principles, is to leave the practices in search of direction and objectives and vulnerable to abandonment. To have no joint problem solving processes demands the question: how is this a partnership, and not helplessness, passive compliance to diktat, or abject acquiescence? To have only joint problem solving, but no exchange of tangible mutual benefits (such as employment security for flexibility, and sharing success), nor a commitment to improve relations and benefits for all, does not distinguish partnership from any other collective negotiations.

In the fieldwork, I appraise the evidence from each organisation against these theories.



## Chapter 4. The history and context of partnership.

When John Monks argued that partnership represents “*the highest form of industrial relations*”, an idea whose “*time has come*” (in *The Times*, 24 May 1999; later echoed by Guest and Peccei, 2001: p207), he seemed to be implying that the new model constituted a distillation of the finest elements of industrial relations: a happy medium between conflict and consensus, a balance struck between economic efficiency and social justice. His remark also inferred that partnership was the ultimate culmination of decades of painful development in British industrial relations. Colin Thomas, from partnership company Welsh Water, summarised this view of history thus:

*“Confrontation was a phase that I think we had to go through. There was an irresponsible use of power on the part of the unions, and then the overreaction came... We are now in a position that most people would recognise as common sense”* (cited in Overell, 1997: p24).

As this chapter will show, we have heard this appeal to ‘common sense’ before. Collaboration in the workplace between employer and employee may not have been labelled ‘partnership’ before, but the idea has always been with us.

What I call the ‘1990s version’ may eventually prove to be only the latest incarnation of an industrial relations programme designed to manage away “*pluralism’s problems*” (Dunn, 1993). But this particular programme enjoys uncommonly broad appeal, as chapter one illustrated. Not only that, for some, like Monks, it has the weight of history behind it.

I have conducted this research at the micro-level, within four ‘partnership’ organisations. The process of conducting case studies, especially into ‘fashionable’ management practices (such as partnership), carries with it the temptation to get swept along in the current of the participants’ testimonies, and to bestow inflated significance upon the actions and personalities internal to the organisation (see chapter five). Equally however one should not assign to external factors such undue force that “*they become a form of morally dubious environmental determinism which reduces people to puppets*” (Armstrong, 1971: p52). As Hyman delineated so concisely:

*“What occurs is not simply the mechanical outcome of large-scale social forces, and can only be understood by reference to the perceptions, intentions and*

*strategies of the men and women involved. Yet at the same time, people's consciousness and wills are the product of material social conditions, and these conditions set limits to what can be achieved through individual and collective action"* (1989: p179).

This symbiosis between the macro- and the micro-levels is also to be found in the literature on trust. Bachman argues that trust's development is "*highly dependent*" upon the "*institutional environment*" in which the relationship is conducted (1998: p299). A nation's institutions – such as its legislative regulations and its governance structures – "*produce specific forms of tacit knowledge*" that reproduce or challenge trust on a permanent basis, whether the virtuous circle of co-operation or the vicious cycle of hostility and recrimination (ibid).

The first section charts, in an admittedly somewhat stylised fashion, the abbreviated history of partnership's ill-starred near-cousins from the late 19<sup>th</sup> century until the Bullock reforms and the collapse of the 'social contract' in 1978-79. For each I identify from whom the main impetus for the initiative came, and whether each of the three main constituencies – the State, employers and the unions – supported or opposed the programme, or indeed ignored it. (For a simplified representation, see Appendix 2.) Note that this section is not intended to be a comprehensive review and study; such an endeavour is a PhD thesis in itself. It is drawn entirely from secondary sources such as general industrial relations texts, and is intended rather to convey the general pattern of response witnessed in Britain to similar nationally-vaunted programmes for workplace collaboration. My argument here is that partnership in the UK has been perennially restricted to short-lived bursts of resonance among a narrow band of enthusiasts, struggling against widespread ignorance, indifference or hostility. I note any similarities with the modern programme (as defined in chapter one).

In the second section, I outline the institutional environment produced by successive Conservative governments from 1979 to 1990, which forced at the end of the 1980s a strategic review among British trade unions, from whom - for the first time in history - the impetus for the present programme for workplace partnership has *uniquely* hailed. I discuss how and why this broad shift in union policy came about.

The third section appraises the institutional environment pertaining at the time of partnership's emergence, or more accurately (given the preceding analysis) its re-emergence during the 1990s. It is split into two sub-sections, divided around 1995-1996 when a Labour government seemed a distinct probability, heralding likely reforms aimed at promoting workplace partnership. As well as the direction of Blair's re-constituted Labour party, the section notes also the influence of the philosophy and directives emanating from the European Commission, the emphasis on strategic people management (from theories such as HRM, etc), and, finally, broader programmes for social democratic renewal, of which partnership may be said to be a sub-set. My argument here is that the '1990s version' coincides with a favourable set of broader circumstances and complementary trends which, combined, suggest that partnership may have the potential this time around to become a broader movement in British workplaces.

Overall I argue that all of the previous incarnations of partnership suffered from one or more of the following supporting features being either absent or too weak in the institutional environment to help sustain the idea:

- Favourable labour market conditions (low inflation and low labour unrest levels)
- A favourable public policy agenda (particularly the endorsement of the government, and a positive legislative framework)
- A credible congruence of academic and expert opinion broadly endorsing the idea, and -
- Benign, or at least non-hostile, attitudes among management groups and employees, the latter as represented by trade unions.

The chapter closes with some thoughts on the likely prospects for the latest version of partnership.

In each section, interspersed in the historical account of events and ideas, I indicate the prevailing academic take on joint problem solving and, where any comment is made, partnership and trust-based relations at work, drawing on selected key works from each age.

### **Pre-World War One.**

In a celebrated essay, Ramsay (1977) identified what he considered to be the first wave of managerial attempts to control and pacify workers through some form of collaborative co-partnership endeavour emerging around 1860. The limited experiments with financial participation, notably forms of profit-sharing, rather than joint consultation or extended employee involvement in organisational decision-making, were transitory; at least half collapsed during a prolonged – unspecified – depression (Marchington, 1982: p151).

Subsequent bursts of enthusiasm for the same recurred between 1908-9 and again between 1912-14. Ramsay (1977: p485) cites Church's observation that on all three occasions employers introduced the schemes while facing a tight labour market (high levels of employment) and labour unrest. The schemes were viewed with suspicion from all sides: damned as "*a piffling palliative*" in a Fabian tract in 1913, and dismissed by the majority of employers as "*too philanthropic*" (ibid: p484). In Ramsay's view, employers rather overlooked the potential for co-opting workers onto their agenda. Fox also records a number of small-scale "*publicly staged conciliatory councils*" stressing a search for a common consensus on workplace reform, meeting in 1895, 1900, 1911 and 1919 (1974a: p254).

Isolated joint collaboration efforts along the lines of a modern partnership could be found, notably Robert Owen's New Lanark settlement, while in 1884 the forerunner of today's IPA was established as The Labour Association for Promoting Co-operative Production Amongst the Workforce. Its aim was to act as "*a propagandist committee to arouse working men, and public opinion generally, to the importance of the movement for making workers everywhere partners in their workshops*" (Coupar and Stevens, 1998: p145).

Beatrice and Sidney Webb saw that the effort to secure the co-operation and trust of the nation's workforces necessitated tempering managers' prerogative through a system of collective and independent organisation of workers' interests that matched employer's strength: joint regulation by equal partners on matters of workplace terms and conditions and organisation (cited in Fox, 1974a: p243, p253). This

system, dreamed the Webbs, would, if conducted professionally and responsibly, provide long-term stability and prosperity to society.

The pre-eminent management text in the early years of the 20<sup>th</sup> century posited a rather different view of work organisation. FW Taylor's scientific management theory (Taylor, 1947) enjoined managers to waste no time investing trust in their workers, whom Taylor caricatured as stupid, work-shy brutes solely motivated by money, with no interest in how their work was planned, and even less scope for input. Planning work and doing work were kept separate in Taylor's method; employee involvement in decision-making was considered an anathema. Workers were instead expected to respond willingly, and as individuals, to the 'stick' provided by strictly standardised task instructions and managerial monitoring of performance, for the 'carrot' of a fair day's pay for a fair day's work. It captured managers' attention. Taylor's legacy was to last for decades, and in some industries endures today.

### **Whitleyism.**

Toward the end of the First World War, the State and private businesses exerted "heavy 'moral' pressure" (Ramsay, op cit) on unions and workers to co-operate in re-building the nation. But this was not their only pressing concern. Both were confronted in the aftermath of the conflict with a dramatic surge in union membership (which had doubled in eight years) and militant ambitions informed, in part, by the tumultuous events in Russia in 1917.

The five Whitley reports (1917-19) noted different constituencies' different definitions of co-operation, and their objectives: "*One looks to the gradual expropriation of employers and the elimination of profit. The other wants to interest the working class in the growth of capitalist profit*" (cited in Ramsay, op cit).

To accommodate both agendas as far as possible, the Whitley recommendations proposed joint consultative committees in firms and each industry at a national level, in order to set up and maintain a system of co-operation in 'workshop matters'. Clegg laid out the agenda thus:

*"... improvement of processes, machinery and organisation and appropriate questions relating to management and the examination of industrial experiments,*

*with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them" (1972: p185)*

This extended agenda is comparable in scope and potential content to that put forward by partnership advocates today, although pay and working hours were kept separate in district or national collective bargaining.

At its peak the Whitley system covered 15.5 million employees out of a national workforce of 17.5 million (Blyton & Turnbull, 1994: p182), and was both popular and fairly effective. But within months of the end of the War, and in the midst of severe economic depression the system had become unstable. According to Ramsay, the State - under pressure from employers - withdrew support for the system inside private firms, although Whitley committees were retained in many parts of the public sector, such as the NHS and local government (and still are).

### **Mond-Turner talks, 1927-29.**

Soon after the failure of the General Strike in 1926, ICI's Alfred Mond articulated as the basis for good employee relations an approximation of the classic partnership trade-off: *"economic efficiency in exchange for increases in workers' standard of living"* (Overell, 1997: p29). He invited the TUC to engage in talks with major employers to discuss the viability of such a programme - an early instance of the impetus for joint collaboration emerging from unpromising circumstances. The talks embraced a very ambitious agenda indeed, much of which finds an echo now in the partnership agenda:

*"...Collective bargaining, security of employment, the raising of the status of the individual worker... legal regulation of working hours, the formation of works councils, the provision of company information to workers, an investigation into the potential causes of disputes... [and] provision of machinery to enable workers to make suggestions and constructively criticise employers... Other areas for possible joint action were to cover unemployment, the distribution of the proceeds of commodities and services with a 'high wages policy', consideration of plans for participation in industry, payment by results and minimum wage principles... It was also proposed to cover industrial rationalisation - restructuring to improve efficiency, flexibility, elasticity and testing of experimental conditions... In addition, institutional questions were to be placed on the agenda such as the possible creation of a national industrial council and a permanent standing committee to meet for regular consultation on matters affecting industry..." (Taylor, 2000: p45-46).*

The then TUC General Secretary, Walter Citrine endorsed joint participation to secure 'industrial peace', calling it "*the next step in industrial relations*" (Taylor, *ibid*). But the TUC's affiliate unions, fearful of independent worker organisation, greeted the high-profile talks with a "*reticence to the point of near-silence*" (Ramsay, *op cit*).

The talks took place intermittently over two years, during a severe economic depression, but ultimately this prototype national partnership endeavour withered, for lack of sustained support from either the State, who stayed out of the talks; the majority of employers, whose fragmented employers' associations responded with indifference and intransigence (Taylor, 2000: p47), and most of the trade unions, reflecting militant rank-and-file opinion that dismissed joint decision-making as a ruse for inducing passive compliance and lower pay.<sup>24</sup>

## **World War Two.**

The demands of a second global war revived the Whitley-ist joint problem solving at the firm level, in the form of Joint Production Committees (JPCs), explicitly designed to foster collaborative relations (Clegg, 1979: p152). The idea seemed to emerge spontaneously from the shopfloor (Ramsay, *op cit*: p490), and drew significant support from the TUC, and the engineering unions in particular. Indeed, there were calls from the unions for the initiative to be extended into a national programme. Employers were also keen since the war coincided with another spurt in union membership (which increased by a third between 1938 and 1943). The government, under Churchill, confined itself to a "*strong recommendation*" and eschewed issuing a compulsory instruction to set up joint arrangements until 1942 (Marchington, 1982: p151).

The joint committee representatives were considered "*partners in a continuous process of exchanging information and attitudes*" (Clegg, 1972). The agenda for the majority of the committees was confined to matters of production and increased efficiency not covered by formal negotiating procedures. It did not encompass, as partnership seeks to do, the full agenda of employment relations in the workplace.

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<sup>24</sup> *The unions' preferred model for extending workers' influence over the purpose and policies of industry was socialist, with control either bestowed upon the unions exclusively, or in joint boards involving the union and the government, and not between workers/ unions and management.*

After the War, a hardening of local shop stewards' bitter attitudes "*undoubtedly*" (in Ramsay's view) precipitated the JPCs' decline, despite the return of a Labour government committed to re-distribution of the nation's wealth and extending workplace democracy. The relatively weak role of the JPC as a consultative rather than negotiating body was damned as an irrelevance by shop stewards, who thought that they could secure greater power for their members through the spread of inter-union demarcations and restrictive practices under de-centralised collective bargaining arrangements. Briefly revived during the 1947 fuel crisis, under the proviso that managers retained jurisdiction over the final decision, the death-knell for the JPC sounded after the surprise defeat of the Labour government in 1951. While MacShane (1994) commended a small number of "*far-sighted*" managers for harnessing the "*workplace creativity*" of these joint arrangements, he blamed elitist snobbery and lack of trust regarding workers' capacity for autonomy and creativity – from both sides – for stifling these prototype partnership structures.

A shift in focus became evident in industrial relations literature during the 1940s toward a concern for managing employees' needs as a means to secure organisational success. Elton Mayo (1946) popularised the findings of the famous experiments between 1924-1940 at Western Electric's Hawthorn plant outside Chicago, which had found that attention to employees' needs and generating 'social sentiments' at work improved productivity. Mayo's recommendations - that managers try to create social interaction through controlled employee participation, and establish direct channels of communication with the workforce to solicit their loyalty to the firm – chimed with the aspirations of those for whom Taylorism was disquieting. However, again, trust in employees' self-sufficiency or input into joint problem solving was limited. Mayo was explicitly hostile to forms of collective orientation and activity, and advocated breaking up the "*natural solidarity*", in Ramsay's phrase, of work groups as this challenged managerial diktat – which, Mayo assumed, to be an essential pre-condition of a successful workplace:

*"Co-operation [for Mayo] was symptomatic of health; and since there was no alternative in the modern world, co-operation must mean obedience to managerial authority. Thus collective bargaining was not really co-operation, but merely a flimsy substitute for the real thing"* (Hudson, Konzelmann & Wilkinson, 2001).



1951 – 1968.

The idea of ‘partnership at work’ receded in significance in industrial relations for almost twenty years during the ‘Golden Age’ of prosperity, near-full employment and relative labour passivity (Hobsbawm, 1997). Industrial relations commentators of the age such as Kahn-Freund widely assumed that the British voluntarist system of de-centralised ‘*collective laissez-faire*’ bargaining was the finest industrial relations system available. If only, Flanders opined (1970: p83), other countries - with their institutional and statutory arrangements - could develop the same mature level of mutual tolerance that the British had achieved. Others were not so confident (or complacent); Burns and Stalker called in 1961 for the modernisation of firms, for de-bureaucratisation and flexibility, to take advantage of efficiencies from new technology (1961).

The authors of an influential American text from the era observed that “*the management and manipulation of employees is most productive when their co-operation is willingly forthcoming*”, and that “*the range of potential areas of co-operation is limited only by the range of potential interests of the parties*” (Kornhauser et al, 1954: p19) - subject to challenges over the context (whether co-operation is in fact expediency or co-optation) and content (whether it is to be limited or extensive in scope and agenda). In his trenchant exhortation for industrial harmony, Homans echoed Mond from two decades previously, and preceded the present enthusiasm by more than forty years:

“*The two parties must, to an indefinite but recognisable degree and in spite of differences of opinion, be willing to work together actively... to increase the effectiveness of the organisation in producing goods and services and [emphasis added in the original] to increase the human development and satisfactions of persons in the plant*” (Homans, 1954: p49).

Homans also reflected a tenet of trust theory when he wrote that both a pre-requisite and a fruit of industrial harmony is “*confidence in the abilities and intentions of parties*”, and in terming this confidence “*a form of capital*” (ibid: p54) he pre-dates Etzioni and Giddens by several decades.

Increased attention to the psychology of employees – into the “*human side of the enterprise*” (McGregor, 1960) - constituted a departure from the Puritan work ethic’s assumptions about work that had continued to dominate management

thinking in spite of the lessons from Hawthorn and the rise of the Human Relations school. Research began to cast doubt upon Hayek's condemnation of the instinct among groups to co-operate as a 'primitive trait'; far from being "*a hindrance to the development of markets*", inter-group collaboration was "*actually essential for production*" (Hudson, Konzelmann & Wilkinson, 2001). But how to manage it?

McGregor's theories X and Y (op cit) held, respectively, that workers are lazy and greedy and should be managed accordingly [i.e.: Taylorism], or that workers' energy and motivation for 'self-fulfilment' can and must be tapped and moulded for productive work. This could be done through skilful people management and devolved task responsibilities. McGregor recommended the 'Y' approach. His message was echoed by Likert (1961), whose 'participative-group' management approach was judged the optimum style for securing employee co-operation, improved morale and trust, as well as greater productivity (in Hudson, Konzelmann & Wilkinson, 2001). He noted – prudently, in the light of the trust literature - that such a re-imagined management style might meet with scepticism initially, and would need time to convince the doubters (ibid). Flanders interpreted this as an endorsement of "*democratic*" and "*creative workplace bargaining*" (1970: p153).

The popular findings on employee motivation of Herzberg (1987) also urged some form of mutual gains exchange at work, albeit on an individual employer-to-employee basis. Herzberg posited good pay and employment security among his 'hygiene' factors as valued pre-conditions for motivation, but his prescriptions – articulated during a period of sustained union militancy in the US - made limited use of employee involvement practices, still less joint problem solving. Indeed, he too wrote of the "*tyranny of teams*". Moreover, the programme of reform relied upon managerial benevolence, and the wisdom of external consultants (such as Herzberg).

### **The Fawley productivity agreements.**

The objective of the innovative productivity agreement reached in 1960 at Esso Petroleum's Fawley refinery (Flanders, 1964) had been to remove or curtail restrictive practices in agreement with the trade unions. Through what one Esso manager called "*the habit of discussion*" [i.e.: regular informal joint problem solving] (cited in Cooper & Bartlett, 1976: p182), Esso secured from its manual

workers' unions – against opposition from the craft unions - a commitment to sweeping changes to flexible work practices in exchange for a 40% pay rise, with the safety net of no compulsory redundancies (Clegg, 1979: p140). A deal at Shell emphasised employment security, improved terms and conditions and increased pay in exchange for productivity improvements (Cooper & Bartlett, op cit: p185). McCarthy more generally explained the objective of the subsequent spate of productivity bargaining deals as “*linking changes in work arrangements with improvements in pay*” (McCarthy, 1971: p84).

The deals found considerable employer enthusiasm, Ramsay wryly mimicking the sentiment at the time, “*this time employers really mean it*” [i.e.: in their support for joint working] (Ramsay, op cit).

While at first glance the details bear close resemblance to partnership-style joint problem solving for mutual gain, the majority of the deals were short-term, issue-specific and rather *calculative* exchanges, with little attention paid to developing joint decision-making (Ramsay, op cit: p494; also Clegg, 1979: p483), and still less to partnership's central objective of improving the relationships among the key protagonists over the *long-term*.

McKersie and Hunter's argument (1973, in Clegg, 1979: p322-6) that productivity bargaining led to a positive re-evaluation of the IR function in firms, and in retrospect, the deals were perhaps the first significant attempt to manage workplace relationships in a systematic and intelligent way. But this programme did not last long either (1965-68) once it became apparent to employers that it too could not deliver sustained productivity improvements (Blyton & Turnbull, 1994: p185) and external threats began to undermine the industrial relations gains won under the deals (Cooper & Bartlett, 1976: p206-8). At this time, the American duo, Walton and McKersie, published their celebrated work, ‘A behavioural theory of labor negotiations’ (1965), contrasting ‘distributive’, win-lose adversarialism with the more partnership-oriented ‘integrative’ bargaining tactics. (See chapter two.)

Thus far, the impetus for each *peacetime* initiative for joint working had come predominantly from employers (the early profit-sharing, the Mond-Turner talks,

productivity bargaining). Apart from the Whitley reforms the State had been content to retain its abstentionist position, upholding the popular voluntarist principle, whereby the incumbent government largely eschews frameworks and regulations, and allows managers and trade unions to forge their own agreements.

However, at the height of (relative) trade union power and influence in the mid-1960s unofficial strike numbers rose steadily, while UK productivity – exacerbated by the chaotic fragmentation of de-centralised collective bargaining and the spread of restrictive practices - remained poor: the ‘British disease’ encapsulated. The State intervened to try to improve the conduct and character of British industrial relations. In relatively quick succession, a handful of initiatives – particularly the Donovan Commission and the Bullock report - sought to set pluralist parameters around the processes of industrial relations.

#### **Donovan commission, 1968.**

The Donovan commission (1968: p12) famously noted of course that two systems of industrial relations were operating in the UK: the formal system of “*official institutions*” of rule-making and reaching agreement through collective bargaining which, it still maintained, was the best available model (p50), and the informal “*tacit agreements and understandings*” reached on the line. These were often to the advantage of the powerful and well-organised workforce, often in defiance of their trade union, and seldom codified by senior management. The Donovan commission held that the informal system was undermining the formal (p36), and it recommended efforts to “*formalise the informal*” through “*joint regulation*”, and to cement the strategic role of joint negotiations in corporate decision-making: “*effective and orderly collective bargaining at the factory level*” (Gilbert, 1993). The Donovan team ignored all alternatives for employee involvement in decision-making as, at best, subsidiaries to collective bargaining (Gilbert, *ibid*: p247). The Fawley agreement, largely discredited by the time Donovan published, was heralded as a blueprint.

Criticisms of Donovan’s prescriptions are instructive. Dunn described reactions to the report casting it as an irrelevance for having mis-specified the problem and chosen the wrong solution (1993: p169). Alan Fox, in a vital work from the period

that, for the first time in an industrial relations text, dealt at length with the notion of trust (1974a), felt that restricting behaviours by strict regulatory edict resembled an *“economic exchange”* more than a *“social exchange”*, with the attendant undercurrent of mistrust implied. He explained that industrial relations systems, management styles and job designs produced either high-trust or low-trust relations, but regrettably the latter was prevailing, caused for the most part by managers. As Wood (2000) reflected, *“workers’ jobs were so de-skilled and workers treated by management in such a low-trust manner that they could not but respond in a low-trust way”*.

Fox felt that management style was the key, and he urged a State-sponsored educative programme of radical pluralism [i.e.: joint problem solving] which might *“trigger management to take more responsible attitudes towards the design of jobs and the treatment of employees”* (Wood, *ibid*). Indeed, Fox wrote an accompanying text for managers, ‘Man mismanagement’ (Fox, 1974b). McCarthy’s similar call for the *“extension of joint regulation”* into areas of managerial prerogative - there was to be no *“sacred garden”* - went similarly unheeded (1971, *op cit*: p85). But, as Ogden observed,

*“The idea of giving them [shop stewards] more by sharing power was complete anathema to [management]... The effort to ‘educate’ management of the need for change in attitudes – from unitary to pluralist frames of reference, from management by prerogatives to joint regulation – deemed essential in the programme of reform has generally met, with some exceptions, little success”* (1981: p36-37).

Trade unions were just as wary of participation schemes that appeared to align employees’ interests with those of management, or sought to engage representatives only modestly in the management of an enterprise (Blyton & Turnbull, 1994: p212). Thus, neither party accepted the Donovan proposals.

Though Dunn argued, 25 years on, that British industrial relations had come to witness, as Donovan would have wanted, *“managers trying to manage”* (1993: p182) he indicated that, with their prerogative to manage reasserted, British managers proved reluctant to engage with Donovan’s explicit pluralism. Forms of unilateral control were generally preferred.

### **The Bullock report, 1977.**

The mythology of the omnipotent shop steward, ruling the nation's factories in defiance of managers reached its apotheosis in the early 1970s, when the young Arthur Scargill led two crippling miners' strikes that contributed to the downfall of the Conservative government in 1974.

The Labour government established the Bullock committee in 1975 to, in Clegg's words, "*put the relationship between capital and labour on to a new basis which will involve not just management but the whole workforce in sharing the responsibility for success and profitability of the enterprise*" (1979: p441) – sentiments similar, yet again, to the joint commitment to success in modern partnerships.

Serious internal disagreements inside the committee required both a majority and minority report, but overall Bullock endorsed a system of worker directors far in excess of anything to be found in other European countries, including a permanent and exclusive role for trade unions in the corporate governance of firms. The committee "*overreached themselves*", according to Clegg (1979). Employers' displeasure over the extensive rights for unions, coupled with enduring suspicions among the trade unions about co-optation, meant that the worker directors proposal was effectively still-born, the prevailing view being that "*workers simply could not be trusted to behave moderately or to have access to commercially sensitive information*" (Hutton, 1995: p87).

The Bullock reforms have since been lamented as a "*great, missed opportunity*" by the current TUC General Secretary, reflecting in a seminar 1999 with the hindsight of 18 years of Conservative anti-union legislation (author's notes). The few attempts to instil worker directors, within British Steel and the Post Office, for example, did not last.

A variant of productivity bargaining – known as participation agreements – emerged at the time in companies facing commercial disaster, notably GEC, Chrysler and British Leyland. As part of the deals the unions were enjoined to discuss the content of survival plans, but pay issues were left off the agenda. Marchington (1982, op cit:

p79) reported a few innovations in 'open-book' information sharing. Again, neither lasted, nor captured the wider imagination.

### **The collapse of the 'social contract'.**

The 'social contract' between the Labour government and the trade unions (1975-78) facilitated an uneasy co-operation on prices and incomes restraint, and an enhanced role for the unions in economic policy. Employers were largely overlooked.

The coalition at national level relied upon good relations pertaining at the local level, inside firms. A team led by Batstone found that "*strong bargaining relations*" were being achieved where 'leader' shop stewards were engaged in joint regulation, and where this worked to mutual advantage, helping to resolve managers' work organisation concerns, and sustaining the shop steward's elevated importance for the smooth running of the plant. "*Strong*" relationships produced promising "*trust relations*" (Batstone et al, 1977: p155).

The national truce staggered awkwardly through three years, but in late 1978 the dam burst at firm-level. Militant union activists in key companies, starting at Ford, began to defy wage restraint locally. An impotent TUC was "*powerless to moderate expectations*" (Taylor, 2000: p243). Violence at mass pickets and unofficial strikes equated the country's industrial relations with a breakdown in law and order. Concerns about trade unions' ability to self-regulate and control their members became a divisive political issue for the Callaghan administration, which could only look on in dismay. The public sector strikes of the 1978-79 'winter of discontent' produced images and tales of union-induced catastrophe, which the right-wing press gleefully exaggerated to compelling effect (Derek Jameson, then of The Sun, confessing as much in a Channel 4 'Secret History' programme). Unacknowledged by the majority of union activists, public opinion turned against them with startling rapidity: in June 1978 4% of the public viewed strikes as the most important electoral issue, an opinion that by February 1979 exercised the minds of *half* the electorate, and at the election itself in May, fully *three-quarters* thought union power the most important issue (Marsh, 1992: p63). To few observers' surprise at the election the country returned the Conservative party to office.

### **Cycles of history?**

Thus, up to the 1980s British industrial relations as a whole followed a cyclical pattern of conflict and consensus, "*a mix of conflict and accommodation*" in Blyton and Turnbull's phrase (1994), assuming the different shades of conflict and arms-length, calculative co-operation as external circumstances and internal wills dictated.

Ramsay posited in his 1977 essay that there were four possible outcomes for these programmes: success, a descent into triviality, instability or a change in the programme's status (pp481-482). In his judgement, the fate of each of the above had either been the ignominious descent into triviality, or abandonment following a period of instability (p498) once the "*cycle of control*" turned back in employers' favour. Outside the demands of waging global war, the impetus for each came overwhelmingly from employers, acting with temporary generosity and mock-pluralist convictions in order to ride out a period of difficult labour market conditions, union unrest and militancy being a special concern. However, Ramsay did not consider participation to be "*a worthless pursuit*", but he concluded, in the Marxist tradition, that "*a genuine industrial democracy*" would only prevail following the transformation of "*the whole political-economic environment*" (ibid).

MacShane characterised the dominant British approach toward partnership, common to all parties, as "*100 years of suspicion*" (op cit: p6). An "*historical bias*" against worker autonomy and participation (p8) had stifled all attempts at joint problem solving. Dunn (1993) memorably characterised it as 'live and let live'. This mutual tolerance implies that trust will have existed but, with a few exceptions, it was of a low level, and susceptible to disruption.

Overall, the combination of the voluntarist principle, British companies' "*fire-fighting*" pragmatism/ incompetence and unions' avowed preference for adversarialism served for six decades.

### **Thatcher, 1979-90.**

The institutional environment of British industrial relations underwent an unprecedented transformation during Margaret Thatcher's period of office (Purcell,



1991: p41). In this section I outline the hostile context advanced by the State, seized upon by many employers, and weakly challenged by the trade unions, into which partnership (re-) emerged in the early 1990s.

Thatcher believed that the main reason behind British companies' chronic un-competitiveness was that they were trapped in inflexible, welfare-oriented industrial relations processes, including dialogue with the despised trade unions. Belligerent commentators backed her analysis: Correlli Barnett, for example, cited the "*problem of the trade unions [as] possibly the strongest single factor militating against technological innovation and high productivity*" (1986: p274). The 'winter of discontent' had lent considerable support to this analysis in the public mind. Business devoid of trade unions was advanced as not only a viable, but a positively desirable alternative by the likes of Hayek. Moreover, within the Conservative party, revenge for bringing down Heath's government in 1974 was due. The unions' collective shrug of their shoulders dismayed Crouch, who wrote presciently in 1983 that such "*tough-mindedness*" could be seen as "*disturbingly complacent in the current Western political climate*" (1983: p129).<sup>25</sup>

While the unions bore the brunt of most analyses of the 'British disease', other commentators pointed an accusatory finger at British managers, who had also been resistant to change. In addition, for Sked, they had become "*separated physically from their workers*", and "*failed to inculcate any sense of identity or firm loyalty*" (1987: p18). Certainly Thatcher regarded many as inept cowards for failing to resist the unions.

She set out "*not to help industry but to create the harsh economic conditions in which industry [was] forced to make the changes necessary to keep itself alive*" (Griffith, 1983: p3), and to destroy resistance from whatever quarter through a "*reassertion of the liberal State*" (Wood, 2000). Her attack came two-pronged: the uncompromising introduction of unfettered 'market forces', and restrictive legislation on the power of trade unions.

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<sup>25</sup> Len Murray explained in an interview for *The Observer* in September 1984 that he "didn't believe she would do what she said she would do" (cited in Taylor, 2000: p246).

The essential pre-condition for effective collective bargaining, balancing economic efficiency with social justice, had always been the safety net of full employment. In the midst of a deep recession, this was removed. Mass unemployment on an unprecedented scale, and the accompanying fear of losing one's job, was used as a tool for keeping inflation low and as a 'motivator' for restraining wage demands, and to deter any union-led counter-resistance to the Thatcherite programme.

The withdrawal of State subsidies pitched companies and workforces into a 'free' market for which many were hopelessly ill-prepared. Manufacturing in particular collapsed, with many companies, workforces and individuals unable to change strategies and behaviours in response.<sup>26</sup> With privatisation and the de-regulation and compulsory competitive tendering of council and health services, public sector organisations also faced previously unthinkable market demands. Huge redundancy programmes decimated workforces and sapped trade union confidence.

The second prong – an incremental legislative assault, in the form of eight explicitly hostile Acts - was designed to curb union powers and those of collective employee action in general, especially strikes. The *"drip-drip corrosion"* of the punitive legislation (Dunn & Metcalf, 1997: p93), the removal of the economic and social 'safety nets', and changes in occupation structures from the predominantly unionised manufacturing sectors to the predominantly non-unionised service sectors, combined to erode union power.

Thatcher had no time for 'industrial democracy', an idea that became, if not *"devalued, then at least, a changed concept"* from what had passed as the industrial relations consensus before (Bassett, 1986: p101). It certainly did not mean a constructive dialogue, let alone the promotion of trust (Marsh, 1992: p62; Metcalf, 1989: p17). Tri-partite bodies were disbanded, and the unions effectively shunned by central government.

The traditionally reactive TUC and its affiliates fulfilled Crouch's prophecy of complacency, as they retreated to staunch the haemorrhaging of membership in their

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<sup>26</sup> At one Midlands manufacturing firm, interviewed by the author for an IPA case study, if one had asked any of the shopfloor employees in the 1980s who their customers were and what they needed, according to the senior shop steward the reply would have been, "I couldn't give a shit."

rapidly depleting manufacturing strongholds, and failed to mount (costly) recruitment drives in the developing service sectors. Len Murray's half-hearted 'New Realism' efforts, which were all too obviously only partially supported among trade unions, were greeted with contempt by a Conservative administration that had Norman Tebbit in charge of industrial relations policy. From the sidelines of national debate the unions watched as their influence plummeted.

The moderate EETPU union's single-union deals - comprising clauses on union participation in decision-making, commitments to flexibility and single-status terms and conditions, but most controversially 'no-strike' guarantees and pendulum arbitration (see Bassett, 1986) - were seen by some as a progressive response to the changed institutional environment, and an abject capitulation by the TUC, which expelled the union in 1988. This was not, one imagines, what Crouch envisaged when he proposed in 1983 experimentation with forms of joint consultation and internal flexibility, *"but guided by the aim of providing a strong constitutional place for union representation in company decision-making"* (Crouch, 1983: p141). The deals did not offer an attractive model for joint working to most trade unions, especially as many involved inter-union battles for recognition, which the more accommodating EETPU often won. But nor were the deals that attractive to companies. Some among those rejecting the EETPU's overtures viewed the offer as *"a poisoned chalice, attractive in parts (the provisions making strikes unlikely) but tainted in others (the regular disclosure of detailed commercial information)"* (Bassett, op cit: p86). It is illustrative of the mood of the period that even this relatively weak model of joint working was deemed to be too onerous a burden for some employers.

Reaction from academics to the 'no-strike' deals varied, some seeing them as only a *"brittle concord"*, others viewing them as perhaps *"the only means of preventing the expansion of non-union employer practices"* (both cited in Bassett, ibid: p87) – a further indication of the aggressive 'managerialism' of the age.

In the event, the deals' limited reach – at most covering some 20,000 employees almost exclusively in green-field sites, and often to secure recognition (Marsh, 1992: p241) – meant that this collaborative programme did not extend far.

British academics continued instead to propose re-configured variants of the pre-1979, Donovan-style, 'joint regulation' schema. But following Fox's classic work on trust, there was a discernible emphasis on changing the attitudes and behaviours of the key players. Purcell (1981) outlined what he considered to be 'good industrial relations: theory and practice'. It focussed on management style, and had three components:

1. Management should accept trade unions formally "*as partners*". Rather than tolerate, or seek to minimise, their influence it should be enshrined in de facto rights.
2. Managers should use "*prospective, proactive and creative planning*" (cf. Shields, 1979) for future industrial relations, rather than the reactive, 'fire-fighting' approach.
3. Managers should take the lead; to, in Flanders' phrase, "*regain control by sharing it*" - reminiscent of Mary Parker Follett's call for managers' "*power with*" rather than "*power over*" employees.

Marchington agreed: "*The reform of industrial relations required not only structural alterations, but also some change in attitudes by both parties*" (1982: p9). For Purcell, sharing information with employees about the nature of the business would help ensure consistency and clarity of role, and remove employees' uncertainties surrounding change, and could perhaps lead to what he envisaged as "*a set of shared understandings based on discretion and trust*" (1981). The notion of trust had re-emerged, but again how to establish and nurture it was barely discussed. When Purcell later proposed a 'sophisticated-modern' strategy for conducting union-management relations his eight-point plan emphasised "*the need for co-operation and partnership*" (1983: p56), minimising areas of conflict, maximising areas of common interest, and managing both processes through institutionalised structures of joint working parties and employee involvement:

*"This implies that the company will engage in behaviour which legitimises the role of the unions, develops trust between the parties and encourages friendliness between the negotiators"* (Purcell, *ibid*: p58).

In the US, Richard Walton published a celebrated essay, 'From control to commitment' (1985), that urged managers to engage their employees in participation

practices to secure their commitment to the firm. Re-designed jobs, with greater responsibility devolved to teams of employees, were to be complemented with less adversarial industrial relations and more joint problem solving. Walton even advocated joint consultative committees. Importantly, companies' declarations of their 'philosophy' needed to acknowledge the plurality of interests involved. Kochan, Katz and McKersie (1986) noted Human Resource Development practices in unionised firms in the United States, such as GM's famous Saturn plant, giving workers more of a direct say in issues affecting their working lives, and involving unions in joint problem solving forums. Joint problem solving was held to be the future model of work organisation. But these cousins of partnership remained outside the mainstream of practice on both sides of the Atlantic.

Instead, British managers - newly emboldened by the government-encouraged backlash on the unions, and with their prerogative to manage "*re-discovered*" (Purcell: 1991) - ushered in a new era, popularly if misleadingly characterised as 'macho management'. Several companies, mainly in heavily-unionised and highly adversarial sectors facing immense commercial pressures (such as steel, the docks and printing), moved to de-recognise or marginalise their troublesome trade unions, supported by the State (notably at News International), sacking shop stewards, withdrawing bargaining rights.

In the mid-1980s Japanese companies – considerably more efficient, more productive, more high-tech, more profitable - seemed to hold the key to success (see Womack, Jones & Roo, 1990; Dore, 1986). The future was exceptional customer service, total quality, lean production, and an individualised employment relationship based on eliciting employee commitment to the goals of the organisation. This entailed a considerable movement along the continuum of trust, away from the prevalent arms-length contractual relations of more 'traditional' employment relationships (Dore, *ibid*: p2). Some 'new style agreements' contained statements of "*spirit and intention*" calling for an emphasis "*on co-operation and partnership between management and union rather than their acceptance of a conflict of interest as a matter of course*" (Grant, 1994). Unions had a role to play but, it seemed, only under the proviso that they promise no strikes, and restrict their input into organisational decision-making (Bassett, 1986). Grant (*ibid*) equated such

agreements with Kelly and Kelly's characterisation of 'new industrial relations' (1990) being used to undermine adversarial perspectives on the employment relationship; a diminution of the significance of 'us and them'. Broad's case study into 'Denkico' illustrates the only partial success of this attitudinal programme (Broad, 1994: p36).

Human Resource Management, or HRM - in spite of the uncertainties around its content - emerged around the mid-1980s as well, promising gains in performance from a complementary blend of business strategy planning and a strong unitarist emphasis on individual employee commitment. Although some of the early US models nominally referred to several stakeholders, including employees, being accorded a voice this was idealism rather than an essential pre-condition of HRM (Guest, 1987: p510). Most models seemed to offer no role for trade unions, or for extensive engagement of employees in joint problem solving (ibid: p518).

One key conviction common to the Japanese models of working, and many of the influential HRM theories, held that employment security and flexible work practices were to be valued equally. But the few UK firms that sought to implement HRM, or Japanese commitment models, typically did so in an ad hoc and piecemeal fashion, favouring those practices that yielded modest short-term productivity gains (team briefings and performance-related pay) and disregarding the more complex features (such as fundamental job re-design and employment security guarantees). Writing in 1994 Blyton and Turnbull could not bite down their contempt for the ability of most British managers: HRM was *"simply asking too much of them"* (1994: p85). Others formulated covert strategies under the guise of HRM to marginalise their unions' influence (for a case study see Camfield, Fisher & Weir, 1995; for a theoretical argument see Kelly, 1996).

On the whole, while a few initiatives could be forced through or partially implemented, employee commitment and mutual collaboration for success remained elusive. In an opinion piece from the time, Bryan Stevens of the IPA noted that *"a degree of involvement is not going to be sufficient without a major shift in attitudes towards the relationship between management and employees"* (Stevens, 1988: p5), leaning more toward co-operation for mutual benefit.

Just as many managers were attracted to the American/Japanese individualised models for managing employee relations, so some senior British trade unionists (and a few managers) were impressed by the successful joint problem solving and even joint decision-making alternatives found in continental Europe. The TUC had been “*at best ambivalent*” about the ‘European project’, changing official policy six times in the twenty years prior to Jacques Delors’ semi-legendary speech at the 1988 TUC Conference (Taylor, 1994: p181). But when Delors spoke about a “*social Europe*” with a central role for “*social dialogue and collective bargaining... as essential pillars of our democratic society and social progress*” he was greeted by most of the audience as a Messiah.

The prospect of closer European integration teased some of Britain’s trade unionists with the lure of institutionalised influence and power, an USDAW official at the time noting that “*the only game worth playing*” was taking place in Brussels (quoted in Taylor, 1994: p189). Yet successive Conservative governments displayed an openly contemptuous attitude toward European social policy programmes, a bullish Michael Portillo dismissing them as “*an expensive irrelevance*”. With the UK’s negotiated opt-out of the Social Chapter, and the prevailing EC principle of ‘subsidiarity’ – or company intransigence – prospects for closer formal collaboration within British workplaces, driven from the continent, receded.

Toward the end of a fractious decade academic reviews of the condition of British industrial relations pointed out its enduring continuities, with collective bargaining processes basically intact, if less widespread - fewer than a fifth of workplaces in 1990 had a consultative committee, compared with about a quarter in 1984 (Millward, 1994) – and much more de-centralised. Purcell (1991: p37) noted that collective bargaining was being linked to “*firm-specific issues*”, but at the same time managers were “*reducing the dependency on collective bargaining as the medium for the management of change, and on trade unions as the main link with the workforce*”. Metcalf (1989) even inferred that the Thatcherism programme might have produced the conditions for the formalisation of plant-level relations envisaged by Donovan. Edwards reported evidence of what he termed “*enlightened managerialism*” (noted in Keenoy, 1992: p105), meaning more use of integrative

practices such as information sharing and joint consultation and problem solving, but in the same year Marsh (1992) reported only modest amendments to shopfloor agreements and practices.

Millward (1994) concluded that there had been little in the way of a sustained effort to introduce 'high trust' HRM in the latter half of the 1990s. What participation was being encouraged was primarily financial, particularly the spread of employee share ownership, although Bassett cites a MORI poll in 1986 suggesting that this too was a minority pursuit, only 9% of those surveyed owning shares in their employer's enterprise.

The large-scale survey method, for the most part, missed a near-invisible, but dramatic, change in attitude:

*"Surveys concentrating on formal institutions and union membership... neglected the very terrain where change was occurring, the sub-institutional, the process of industrial relations and the orientations of employees and employers"* (Wood, 2000; see also McCarthy, 1995).

With trade unions' spectacular decline, the latter part of the 1980s saw the consolidation of a complementary sea-change in focus in academic research that had begun in the US, and spread inexorably to Europe, in which attention shifted decisively away from investigating formalised industrial relations structures and agendas and procedures, toward identifying managerial methods for moulding productive attitudes and behaviours for enhanced employee performance. In the UK, for example, Metcalf argued that faster productivity growth was likely to be caused by investment and technological change in the country's workplaces, but also improved co-operative relations between managers and unions over work practices: *"changed attitudes [and] changed behaviours"* (1989: p22-23). Dunn cited shifts in labour and product markets as likely spurs to changed industrial relations, but he too looked to *"management strategy and expertise and union/ worker attitudes and orientations"* (1993: p172), particularly both parties *"seeing the world through the other's eyes"*. Metcalf (op cit) cited Axelrod's then recent work (Axelrod, 1984) on game theory as pointing a way forward. This did not receive the attention that it merited.



Reviewed from the vantage point of the next decade it was clear that there had been spectacular changes in the conduct of relations at work in Britain in the 1980s, with for our present purposes the emergence of a “*representation gap*” (Towers, 1997) for employees’ interests being one of the most remarkable, given the long-standing industrial relations settlement that had served until 1979. The 1990 WIRS survey concluded:

*“Britain is approaching the position where few employees have any mechanism through which they can contribute to the operation of their workplace in a broader context than that of their own job”* (Millward, 1994).

In a report for the Employment Policy Institute, William Brown commented:

*“We are not witnessing the emergence of a brave new world of non-union human resource management, but a tired old world of unrepresented labour... characterised by backward employment practices and heavy reliance on performance-related pay”* (1997: p227-8).

In summary, British industrial relations saw very little in the way of partnership-style programmes, outside the controversial no-strike deals, for over a decade. It is little wonder that managers and trade union officials alike invoke phrases such as “*us and them*”, “*confrontational*”, and “*low trust*” to describe the decade (and its predecessor). A hostile State, bordering on sadistic, had marginalised trade unions and strangled national debate on any joint processes at work, and had mounted what seemed an effective blocking manoeuvre to encroaching European policy that advocated such ‘heresies’. Managers had reasserted their right to manage, but on the whole, had failed to take advantage of this ‘freedom’ to implement progressive management practices (such as HRM, or TQM):

*“... despite the outwardly convincing language... towards the importance of building commitment through more open styles of decision-making, we remain somewhat sceptical that the latest period marks a sea-change in the trajectory of [employee] participation”* (Blyton and Turnbull, 1994: p207).

Nevertheless, academics continued to present them with arguments pointing to the commitment and knowledge of their employees as a potential source of competitive advantage, and a focus on attitudinal and behavioural improvements as a means of securing this elusive property.

The trade unions had long retained their preference for adversarialism, in the absence of a credible alternative. The fall of the Berlin Wall in 1989, and the widely

assumed demise of socialist alternatives to capitalism (cf. Fukuyama, 1995) seemed to force a revision of their tactics. As the next section demonstrates, some key figures in the senior echelons of the union movement were scrabbling around for a new strategy, even a new language, that might revive their fortunes.

### **The origins of ‘Partnership: the 1990s version’.**

This account of the emergence of partnership in the 1990s is split into two parts, around one central event: the selection in 1995 of Tony Blair as the leader of the Labour party.

Partnership’s first public appearance in Britain can be traced back to 1990, with the publication of a joint GMB/UCW discussion document, ‘A new agenda: Bargaining for prosperity in the 1990s’ (GMB/UCW, 1990). The authors – the two General Secretaries – proposed a European-style tri-partite approach “*to create successful industry, a strong economy and a caring, sharing society*” (p2). For employers this necessitated managing UK workforces “*for mutual flexibility... free from abuse and exploitation*” and investing more in training and quality programmes; for trade unionists the new approach meant abandoning traditional “*reactive*” positions of sceptical resistance to management initiatives, and instead “*set an agenda which confronts the new issues of the 1990s*”. Workplace partnership emerged as a distinct theme and aspiration, if not as a fully-formed model:

*“Success and security, profitability and prosperity require that management and labour work together to make the best use of the talent available in each enterprise”* (p7); and “*By working together in partnership both sides of industry can create a highly flexible, highly efficient and highly paid economy*” (p9).

Unsurprisingly the Conservative government and the business community dismissed the call for tri-partite economic management, and amid the welter of criticism, the report’s other core theme, of management and unions working in ‘partnership’, was overlooked.

Yet a few senior trade unionists found in ‘A new agenda...’, and the example from the few existing fledgling partnership deals, a potentially viable alternative strategy to restore union influence in the workplace. The 1991 TUC Congress carried a resolution calling for an examination of how features of the Franco-German approach to industrial relations – such as works councils and greater rights to

information and consultation – might be adapted to British circumstances and traditions.

The GMB/ UCW report also sparked a supplementary initiative at the Involvement and Participation Association (IPA), a small and obscure not-for-profit lobbying organisation for whom the putative ‘partnership’ programme seemed to embody what the Association had stood for since 1884. In September 1992 the IPA concluded a two-year consultative process involving leading industry figures and union leaders in an attempt to define what the new agenda for British industrial relations might look like. A huge influence on the panel’s thinking came from the US Collective Bargaining Forum document (US Department of Labor, 1991), with wording lifted directly from that text. The resulting publication, ‘Towards Industrial Partnership’, sought to articulate a concept of partnership, complete with rationale, principles and practices. (See chapter one.)

An examination of the written responses from trade unions and managers to the IPA’s initial policy statement reveals what by now will be a predictable set of concerns and objections. Among the trade unions there was the fear of marginalisation and scepticism about the programme ever taking off, while from employers there came objections to the “*institutionalisation of the role of trade unions*” and the whiff of 1970s-style “*corporatism*”. Launched on the day the pound was withdrawn from the Exchange Rate Mechanism, few others were even aware of its publication. The Employment Secretary made plain the government’s indifference to partnership by pointedly indicating in a press conference that he had never heard of the IPA’s report (reported by Taylor, 1994: p203).

The following year Larry Adams, an American industrial relations expert who had been involved in early partnerships within Blue Circle Cement and British Aerospace, wrote a commissioned position paper for ACAS on what he termed ‘Labour-Management Partnerships’ (Adams, 1993). Adams argued forcefully that such a relationship could be achieved, again, in attitudinal and behavioural terms. He cited mutual respect, joint problem solving processes, seeking common interests and mutual gains, and aiming to satisfy all stakeholders.

Following its strategic re-launch under John Monks in 1994, the TUC mellowed its previous, often well-founded scepticism regarding certain HRM practices. The unions wanted to co-operate in the modernisation of British industry, and welcomed what Monks has called “*positive flexibility*” (Monks, 1999). The TUC began to quote approvingly direct from the IPA report, now two years old, seeing partnership as a positive reworking of much of the HRM agenda with a clear role for trade unions: ‘union-friendly HRM’. Partnership does indeed share many of the objectives advocated by the ‘soft’ variants of HRM (cf. Storey): the search for “*joint action*” on “*common ground*”, couched in terms of “*respect, trust and goodwill*” noted by Kelly (1996: p78). The two also share many policies and practices, particularly the balance struck between employment security and flexible work practices. Where HRM and partnership diverge is over the former theory’s strongly unitarist philosophy, and reticence, even hostility, toward joint problem solving. The TUC began to urge managers to resolve workplace conflicts “*in an atmosphere of mutual respect, trust and goodwill*” through a form of “*social partnership*” (1994: p24). Bacon and Storey noted the TUC’s support for “*strategic engagement with HRM*” (1996: p60). This marked a decisive shift in perspective among senior TUC players and certain key unions, and the new language was calculated to chime with the philosophies of the new leader of the Labour party.

### **Blair and the Labour party, 1995 - ?.**

Marsh had written in 1992 that British shopfloor industrial relations was unlikely to change much, the unions remaining defensive in the declining companies that continued to recognise them. Major change would only come about if a Labour government was elected and, once in office, encouraged union recognition rights and “*co-operation at work*” (Marsh, 1992: p245).

Following the untimely death of their leader John Smith in 1995, the Labour Party threw their lot behind the youthful and charismatic Tony Blair, who as Shadow Employment Secretary in the 1980s had moved party policy away from support for the ‘closed shop’.

It quickly became apparent that Blair viewed trade unions as another interest group competing for his attention, as he moved to adopt a policy of “*fairness, not favours*”

toward them. Employers were heartened by his seeming pleasure that, were he to form the next government, UK industrial relations laws would remain “*the most restrictive on trade unions in the Western world*” (Blair, quoted in the Financial Times, 7 April 1997). But they nevertheless faced the prospect of union recognition rights, and Blair’s ‘middle-ground’ position of “*partnership, not conflict*” in British workplaces – a position he first flagged up in his opening address to the TUC Congress in 1995.

In common with most pundits, and much of the country, both the main employers’ federations and the unions anticipated Blair as the heir apparent, heralding the real prospect of a paradigm shift in the political climate, with attendant ramifications for British industrial relations. The strategic challenge for both employers and unions was how to re-configure the as yet undefined concept of partnership in a way that would satisfy their own interests, and meet with Blair’s approval.

Scrabbling for a convincing and marketable ‘Big idea’, Blair briefly adopted ‘stakeholding’, sparked in part by the remarkable public enthusiasm for Will Hutton’s manifesto, *The State We’re In* (Hutton, 1995) - although Peter Riddell noted that party officials were at pains to distance themselves from Hutton’s “*regulatory zeal*” (in The Times, 17 January 1996). In his ‘stakeholding’ speech in Singapore, Blair had this to say on establishing a culture of trust in employment relations: “*By trust I mean the recognition of a mutual purpose for which we work together and in which we all benefit*” at national and firm level. He identified a need to improve relations between government and business, but had nothing to say on improving relations with workers, or with unions (Blair, 1996: p3). Within a matter of weeks, however, Blair had jettisoned the clumsily multi-partite and, probably worse, suspiciously European-sounding ‘stakeholding’ in favour of the ‘Third Way’, and more frequently, ‘partnership’.

The TUC switched its ‘lingua franca’ in step with the government-in-waiting. Quietly dropping its own ‘Your stake at work’ report, which rather bashfully translated Hutton’s vision into modest workplace reforms, the TUC’s 1997 election manifesto for work and trade unions, ‘Partners for progress’, began:

“[Social partnership]... *means employers and trade unions working together to achieve common goals such as fairness and competitiveness, it is a recognition*

*that although they have different constituencies, and at times different interests, they can serve these best by making common cause wherever possible”* (TUC, 1997: p1).

In 1999 Congress formally endorsed partnership as official policy, commemorated with the document ‘Partners for progress – new unionism in the workplace’ (TUC, 1999). The shift in policy had followed research (Cave, 1998) into unionised partnership companies that had vociferously hailed the *“immense value”* of the new approach for its capacity to widen the employment agenda for joint debate; facilitate a much greater flow of information and a sense of involvement in the running of the firm, and for its demonstrable improvements in the quality of working life. The TUC derived from the research the six principles set out in detail in chapter one.

As part of its twin-pronged approach to employers - partnership with the good, militancy against the bad – the TUC launched its Organising Academy to recruit and organise among non-unionised workforces, and its Partnership Institute to spread partnership practice in British workplaces. By 2000, John Monks could claim in public (at that year’s AnUMan conference – author’s notes) that there was now not one major union that did not support the partnership route.<sup>27</sup> Bacon and Storey’s research into nine large unionised organisations found no outright opposition to partnership; instead the *“collectivism increasingly being adopted by unions is one of closer institutional partnership (where possible) with employers”* (1996: p44).

The CBI established a ‘good-cop-bad-cop’ tactic toward the trade union involvement in partnership, the Director-General Adair Turner remaining engaged with the idea of employer-friendly unions demonstrating that pluralist forms of partnership were possible, and even desirable. (Robert Taylor penned a news item for the Financial Times on 11 September 1997 titled ‘CBI Chief signals support for partnership with unions’.) The anti-union President, Sir Clive Thompson, retorted at the annual CBI dinner that *“individuals achieve a lot more than groups do collectively”*, that *“third parties only interfere and harm drives for quality”* and compared dealing with trade unions to *“pest control”* (in the Financial Times, 21 July 1999). The CBI has stopped shy of offering a full definition, preferring only to

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<sup>27</sup> As Appendix 1 shows, trade unions categorised as being ‘hard-Left’ – such as the GPMU and the RMT – are involved in partnership arrangements.

argue that there ought not to be one set model; they cite only a joint commitment to success and training in any public discussion of the idea (see Table 1).<sup>28</sup>

Academic research continued to endorse a 'people-centredness' in workplace reform, with many of the prescriptions from the likes of Pfeffer (1994; 1998), Hueslid (1995), Ichniowski, Shaw and Prennushi (1997), and Delery and Doty (1996) recording positive impacts on productivity from certain elements of the partnership model, notably information sharing, team-based work organisation and, consistently, employment security. Pfeffer's HRM-style best practice model in particular bore striking resemblance to the IPA model, comprising employment security; careful recruitment and selection; self-managed teams; pay contingent on performance; extensive skills training; harmonised terms and conditions, and extensive information sharing (Pfeffer, 1998: pp64-65). Guest and Peccei's research in the UK (1998; 2001) looked at an HRM-influenced variant of partnership, and also found a link with improved business performance.

This broad-based debate on the notion of partnership for mutual gain (see also Ackers & Payne, 1998) emerged in an era of heightened market competition across international borders. Space does not permit a detailed overview of the global economy, but the dramatic increase in worldwide trade, facilitated by the de-regulation of markets and the removal of barriers, and the consequent ease with which products and capital could be transferred around the planet placed significant new demands on organisations and workforces to demonstrate commitment and flexibility in order to succeed.

Instead of 'partnership' forms of working, the Anglo-American business community mainly opted for aggressive managerial campaigns of restructuring, informed by process re-engineering which prescribed 'down-sizing' - job losses in old-fashioned English - in huge numbers. The cull of jobs led the principal creators of 'business re-engineering' (Hammer and Champy, 1995) to condemn their own theory as needlessly brutal.

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<sup>28</sup> The IPD [as it was] echoed the CBI line. In successive statements it has seen no obvious role for trade unions, or for independent employee representation for that matter, in helping the Personnel/ HR profession build a lasting and effective 'psychological contract' between firm and employees (Kessler & Undy, 1996). When pressed to comment on partnership, in a wide-ranging policy review, the IPD judged it to be "essentially about particular processes of management rather than about structures" (IPD, 1998: p8). It merited two paragraphs.

Herriot, Hirsh and Riley rather over-played the damage to the bonds of trust between manager and managed in the UK during the early 1990s, describing it as “*so great as to threaten the norms of collaboration and commitment*” (1998). But Kessler and Undy’s IPD-sponsored research (1996) into the state of the ‘psychological contract’ in British workplaces lent support to their gloom, and was released to much gnashing of teeth. According to the survey, the huge redundancy programmes had indeed ruptured what bonds of trust and reciprocity had previously existed. Job insecurity drew media interest. An NOP poll for the TUC in 1996 found that 57% felt more insecure than two years earlier, and 55% expected to feel even more insecure in the years to come (reported in the Financial Times, 9 September 1996).

In the mid-1990s the diminished levels of trust in workplaces came to be seen as a real problem for HR practitioners and businesses in general. Charles Handy levelled scathing criticism at managers for their rash and arbitrary redundancy programmes in the Harvard Business Review (cited in Baillie, 1995). In 1998 the Academy of Management devoted an entire issue (volume 23, number 3) to the cause of regaining trust. Sparrow and Marchington, in their conclusions on the future of HR(M) in 1998, stressed the vital campaign to restore trust:

*“We have to unravel the contribution that HRM makes to the process of organisational performance to show how the potential loss of future interaction with employees outweighs the profit potential that comes from violating expectations... A central task is to demonstrate the cost of trust deficits [my emphasis]. One relatively unexplored area is in terms of the conflict between the organisation design decisions [of which, I suggest, ‘partnership’ is one option] and the requisite levels of trust needed to make them effective. There are [citing Creed & Miles, 1996] ‘measurable dollar costs associated with the failure to meet minimal trust requirements’” (1998: p311).*

A succession of high-profile breaches of trust in UK workplaces during 2000 (at Rover, Corus, Matsushita and Coats Viyella) led to public indignation at the treatment of employees made redundant without consultation. It forced the government to call for a review of employee input into organisational decision-making and greater transparency. Partnership was advanced as a remedy.



### **The broader programme of democratic reform.**

As well as finding favour in the specialist literature, the notion of trust at work, and how to develop it, formed a part of a simultaneous debate on political and social reform.

Five years on from his infamous essay 1990 on the ‘end of history’, the Japanese-American sociologist Fukuyama revealed his prescription for the challenges of the modern age: trust (1995). The most successful societies, and the most successful companies, would be those that could establish, nurture and enhance their ‘social capital’: in essence, their capacity to trust and collaborate. Adversarialism in all forms (ideology, culture, practice) was redundant. On workplace reform Fukuyama found much to admire in the Toyota practices of lean production. He saw in ‘just-in-time’ methods devolved responsibility to individual production line workers, which he took as evidence of “*social capital*” and a reciprocated trust. The “*prior moral consensus of trust*”, involving a “*shared habituation*” of certain virtues such as loyalty, honesty, and dependability, was preferable, he felt, to the deterrence-based contractual obligations of neo-liberal economic theory. The solution was to strike a balance between trust-creating social democratic structures and the productive and profitable outcomes of liberal entrepreneurialism. In appraising the potential of the British for developing social capital, Fukuyama noted our “*propensity for spontaneous sociability*” but also our tendency toward “*balkanisation along class lines*” (p257).

In the same year Will Hutton’s socio-economic textbook setting out his proposal for a ‘stakeholding’ society (Hutton, 1995) became a surprise best seller. A Correlli Barnett for the Left, Hutton forcefully catalogued the injustices and inequalities, wasted potential and social upheaval that had been wrought upon Britain by, he believed, the unfettered experiment of laissez-faire capitalism during the 1980s, and he proposed as a response the “*political enfranchisement*” of all relevant constituencies in society (the ‘stakeholders’) to engage in joint problem solving for mutual benefit. As described above, it seemed that stakeholding would capture politicians’ imagination too, and even provide a programme of reform for government, but it didn’t. For the TUC, stakeholding at work would require attention not only to the interests of the shareholders, but to those of the company’s

employees, and the community at large, although its prescriptions for stakeholding stopped shy of a call for systems of joint problem solving with employees (TUC, 1996). The following year Adair Turner articulated business fears that job insecurity was dampening growth, so much so that he was moved to hint at support for, as he put it, *"dare I say a 'stakeholding'?"* (Guardian, September 1996). His wariness was illustrative, but an unease about the impact of business on people's lives was fomenting, following the huge redundancy programmes but also growing public indignation at rising income inequalities, and the scandal of 'fat cat' business leaders awarding themselves huge pay rises, often entirely unreflective of their own performance.

Ackers and Payne (1998) interpreted the interest among private employers in the partnership programme as an attempt to present an 'ethical' take on their activities. Robert Taylor thought that social partnership would *"save business from itself"* through *"an assertion of democratic priorities over market forces"* (2000: p263).

When Blair addressed the TUC in 1999, he set partnership *"firmly within the same intellectual paradigm and political framework"* as the 'Third Way' programme for the revitalisation of social democracy and community-interdependence (author's notes). Yet in the main 'Third Way' text, Giddens bluntly announces that 'Third Way' politics has *"abandoned collectivism"* (Giddens, 1998: p65), citing as reasons a set of seemingly irreversible social trends – civic decline, the erosion of tradition and custom and old forms of community, accompanied by increasing desire among individuals for autonomy (echoed in Bacon & Storey, 1996). In excerpts that, perhaps, contain implicit criticism of unions, Giddens warns that the sought-for new forms of community don't imply *"trying to recapture lost forms of local solidarity"* (p79), and he appears to condemn these lost forms of solidarity when he writes that *"responsibility, or mutual obligation, was there in old-style social democracy, but was largely dormant, as it was submerged within the concept of collective provision"* (p37).

Two pages deal with reforms at work (p125-127). The proposals, borrowed in large measure from Rosabeth Moss Kanter, include fostering entrepreneurialism, lifelong education [including the promotion of cognitive and *"emotional competence"*, by

which is presumably meant the resilience and flexibility to accept disruption to one's employment], public project partnerships [known now as 'public-private partnerships'], 'portability' [of employees, to be encouraged by harmonised educational attainment and transferable terms and conditions], and finally family-friendly workplace practices. None of the above covers workplace relations between employer and employed directly nor, surprisingly, greater employee involvement and workplace democracy. On trade unions, and how they might contribute, Giddens has nothing whatever to say. Undy rather suspects their decline is not a 'Third Way' concern (1999: p333), and he is probably right.

Thus, while partnership at work was not officially sanctioned in any of these works, save for Hutton's enthusiasm in his new role as Director of the Industrial Society (see their 2001 report), its arrival in the mid-1990s coincided with a public policy debate that was at least more sympathetic.

The issue was, to reiterate, how the next government would interpret the fine-sounding sentiments into legislation. John Monks expressed the options thus:

*"There is no alternative to global capitalism that I can see. But are we to have the US model with few rights for workers, the authoritarianism of the East Asian 'tigers', or the European model of social partnership?"* (cited in Overell, 1997).

### **The influence from Europe.**

The 'European model of social partnership', essentially involving more regulated workplace consultation between employer and employees, re-exerted its influence with the 1994 European Works Council directive, part of the Social Chapter.

The EWC Directive was the first pan-European initiative to encroach significantly upon the British way of conducting employee relations. It imposed upon firms falling under its remit a formal consultative mechanism with their workforce, and despite the UK's opt-out, this included British multi-nationals with operations in more than two EC countries. With only a handful of exceptions British managers declined to exclude their British workforces from EWCs – a signal of a pragmatic appraisal that these comparatively weak 'information and consultation events' were unlikely to infringe unduly on managerial prerogative.

The Directive's impact on British employment relations has so far been peripheral, the information and consultation rather ritualised with little or no influence on decisions. Only in 2001 did the first case emerge of a European Works Council becoming party to a strategic decision (the Ford-Visteon agreement). Trade unions could imagine "*a kind of trans-national joint shop stewards' committee, financed by the employer*" (Hyman, unpublished paper), but this remains a distant prospect.

In 1997 the EC issued its policy statement in the green paper, 'Partnership for a new organisation of work'. The statement outlined a pluralist model for managing employee relations: the "*modernisation of the working life based on partnership*" (European Commission, 1997: vii). A prime objective was to strike a balance between "*flexibility and security*" (ibid, xi) which would fulfil both "*the wishes of employees and the requirements of competition*" (ibid, v). The policy challenges were encapsulated "*in one question: how to reconcile security for workers with the flexibility which firms need?*" (ibid). This clearly echoed the partnership agenda. It required the replacement of hierarchical and rigid structures by "*more innovative and flexible structures based on high-skill, high-trust and employee involvement*" (ibid, vi).

### **Partnership under a New Labour government.**

Partnership found official sanction as the central theme of Labour's employee relations policy for the critical 1997 general election.

Having seen off the Conservatives' election campaign allegations that a Labour government would deliver the fate of the country into the irresponsible unions, Blair secured a landslide victory (aided by a self-enforced, if reluctant, silence throughout the campaign from the unions).

In office Blair affirmed his commitment to partnership, signing Britain up for the Social Chapter in the first few months of his tenure, but he would not be drawn into setting out too explicitly what partnership entailed. He wrote in the foreword to the white paper that he wanted

*"nothing less than to change the culture of work [of] voluntary understanding and co-operation because it has been recognised that the prosperity*

*of each (employer and employee) is bound up in the prosperity of all*" (DTI, 1998: p1).

He wrote of outmoded practices and rituals, almost exclusively from the side of employees; what he had in mind was that employees would co-operate with managers seeking to satisfy the needs of the business.

The DTI's supplementary manifesto for partnership, 'Competitiveness through partnerships with people' (DTI, 1999b) envisaged partnership in strikingly unitarist terms, its research uncovering (unidentified) firms where everyone apparently held "*shared goals; shared culture; shared learning; shared effort, and shared information*".<sup>29</sup>

Blair, for his part, issued instructions during his 1999 speech at the TUC's 'Partners for progress' conference to both employers and trade unions on how they ought to respond to the partnership agenda. Employers were urged to become more transparent and open in their dealings, especially with their own workforces, and not to use partnership calculatively to weather a crisis, but to make it "*part of the fabric of the organisation: trust, communication and consultation...*" Unions were hailed as "*potentially*" a key factor in the UK's economic success, but they needed to demonstrate their "*competence, added value and commitment*", and were not to use partnership as a "*foot in the door*" to press for more militant ambitions (author's notes).

Partnership duly provided one of the important themes of the 1999 Employment Relations Act: "*to replace the notion of conflict between employers and employees with the promotion of partnership*". The government's policy came in two forms: setting minimum standards and encouraging best practice. The Trade and Industry Secretary announced a £5m fund for the promotion of partnership initiatives in 1999. With a minimum wage and a raft of policies to return to employees rights and

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<sup>29</sup> As part of a more 'Europeanised' document, with case studies from across the continent, the DTI envisaged partnership as a means to create: "a better social dialogue, involving... shared information, trust, values and goals with innovation and skills also important", and "working together to develop solutions and achieve consensus... strategies for change involving people centrally within the process; collaboration and partnership while understanding the fear of failure during the process of change; building trust by involving all stakeholders in dialogue [on several workplace issues]; long-term thinking... perseverance" (DTI, 1999: p4-5). There also had to be a "balance struck between flexibility and security" (*ibid*). This document is not as widely disseminated as 'Competitiveness through partnerships with people'.

limited access to legal and financial sanctions against unethical employers, the industrial relations reforms enshrined in the 1999 Act went some way toward redressing the imbalance between employer and employee (Wood, 2000), but only urged, rather than facilitated, partnership-style joint problem solving.

Thus, although Undy judged that New Labour's 'Third Way' industrial relations settlement extended "*social justice*" and enhanced "*social partnership along the IPA model*" (1999: p332), this infers a much more robust vision of partnership than the government would be willing to sign up to. New Labour's lukewarm and undefined support for joint problem solving (as articulated by the IPA and the TUC) has been illustrated by its opposition to the forthcoming EC information and consultation directive (likened by John Monks to "*hand-to-hand combat*" in an Industrial Society seminar on the subject in 2001).

Robert Taylor has argued that we are seeing:

*"... a shift from traditional forms of industrial relations based on voluntary accommodations and negotiated compromises with a recognised acceptance of differing interests, towards a system that balances a partnership model with agreed concerns and employer acceptance of at least a basic framework of rights"* (in the Financial Times, 30 August 2001).

This vision falls some way short of the partnership imagined by the IPA, and there remains scant evidence of such a broad partnership programme. But it is, perhaps, a start.

## **Conclusion.**

If we return to my criteria for a favourable institutional environment, then the present programme would appear to have much in its favour. The government endorses it, as does the TUC and most of its affiliate unions (although the differences between the government and the unions on what constitutes a partnership are considerable). Employers are rather less keen, but many have engaged unions with the concept, and some have reported considerable success. Among industrial relations academics, the dissenting voices number a handful, but their predominantly ideological objections do not seem to have landed any significant blows to the

credibility of the idea. Supporters meanwhile are cautious in their endorsement, but are drawn from across the ideological spectrum.<sup>30</sup>

With this in mind, does the Ramsay thesis - that employee participation is only a short-term counter-mobilisation from employers to stave off worker unrest in difficult labour market conditions - hold good for the '1990s version' of partnership? The evidence suggests rather that the impetus this time came exclusively from the trade unions, and that if anything, employers are very reluctant to discuss partnership, as they have yet to formulate a strong argument against employees being involved in decisions affecting their working lives. The State meanwhile supports the programme officially, but remains unimpressed by proposals to enshrine forms of 'partnership'/ joint problem solving in legislation. Partnership for New Labour is more about attitudes and behaviours than about formal structures; transforming the well-meant aspirations into effective and enduring reality is, in the best British voluntarist tradition, a matter left to the will and wit of people in each organisation.

Which of Ramsay's four fates for employee participation – whether success, triviality, abandonment following instability, or change in committee status - will befall the '1990s version' of partnership? It is not possible to predict, although I have argued here that the institutional environment would seem to be unusually positive. That said, the TUC continues to complain about its marginal role in government debate, and its exclusion from briefings, in contrast with the regular meetings between the government and employers' organisations. And, of course, the lack of genuine examples of partnership (just 62 known to the IPA) does rather undermine its claims to being a truly wide programme of reform.

A key factor will be sustaining the idea's momentum in the minds of key practitioners. This requires demonstration of its potential to deliver joint wins, mutual gains, and – conversely – few high-profile collapses in partnership arrangements.

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<sup>30</sup> *It is, incidentally, remarkable that there are so few academic articles on partnership. However, with the two projects on the Future of Work and the Future of the Trade Unions, this will be addressed in the coming years.*

The imminent EC Directive requiring employers to inform and consult with their workforce looks likely soon to impose regulated formal contact between employers and employees. The proposals are weak, and do not even extend to joint problem solving, and yet the wranglings over the content of the legislation give some indication of the undercurrent of hostility toward joint problem solving that endures among British employers. How this directive is realised in UK law will have a significant impact on the value assigned to partnership.

Thus, returning to the symbiosis between the macro- and micro-levels of industrial relations, *“it is the history and current state of relations between capital and labour within a given company, which at root is an economic relationship, which has most effect on the institutions and outcomes of industrial relations in that company”* (Marsh, 1992: p243). This is exactly the case. Given the same institutional environment, some organisations have chosen to adopt ‘partnership’; others have not. To understand partnership we need to research it as it is being played out, inside organisations.

In the next chapter, I present the methodology for my fieldwork in four ‘partnership’ organisations.

In chapter six, split into four sections, I present four case studies of organisations that have introduced partnership.



## **Chapter 5. Fieldwork methodology.**

The initial hypothesis that I set out to investigate was: *The process of establishing 'genuine' partnership arrangements will increase the extent to which the organisation's employment relations are characterised by, and regulated according to, the principles of mutual trust.*

Research findings are of course constrained by the limitations of the research instrument used. In this chapter I present my methodology. The chapter begins with a discussion of my rationale for choosing to conduct qualitative case studies. I then explain how I identified the participant organisations and secured access to respondents. The third section describes my interview technique, as well as my personal experiences of conducting case study fieldwork. The fourth section covers my analysis of the interview data, and in the closing section I address methodological concerns.

### **Selecting a research method: issues.**

Lincoln and Guba (1985 - cited in Marshall & Rossman, 1989: p145) identify four general issues concerning research methodology that need to be satisfied for a project to be effective:

- **Credibility** refers to the truthfulness of the findings, whether the subject has been accurately identified, described and measured.
- **Transferability** asks how applicable the findings are to other organisations.
- **Dependability** refers to the likelihood of results being replicated by another researcher conducting the same research in the same organisation.
- **Confirmability** refers to the extent to which the findings are reflective of the subjects' perceptions, rather than those of the researcher.

In the conclusion, I return to each of these and present my methodological response.

### **Research into partnership: general remarks.**

As chapter one revealed, partnership is an emerging trend in the UK. Definition remains somewhat ambiguous and even controversial, while evidence of 'genuine' examples of partnership continues to be scarce. What accounts we have of partnership organisations are limited either to tales from the companies themselves

or from agencies and actors with vested interests (the IPA, TUC, Cranfield School of Management) - with all the attendant bias and concern for positive public relations that one would expect. Short case studies have materialised as journalistic reportage in the HR press (the CIPD's *People Management*, *Personnel Today*, and IDS and IRS). But there have been only two workplace case studies undertaken in a refereed academic journal, those of the distiller companies (Marks, et al: 1998).

The majority of these studies have relied only on the testimonies of the HR managers involved and occasionally, input from senior union officials. None have yet been conducted that have sought accounts from a broad cross-section of an organisation.

There is then a clear need to conduct a comprehensive investigation into the nature of the burgeoning new partnership arrangements with independent scholarly discipline. Our first task is to discover its nature in all its nuances and subtleties.

### **Why use qualitative case study methods?**

Yin describes a case study as *"an attempt to examine a contemporary phenomenon in its real life context, especially when the boundaries between phenomena and context are not clearly defined"* (1981: p59).

The rationale justifying my selection of qualitative case study research methods comes on both epistemological and technical grounds (following Symon & Cassell, 1998). Taking the epistemological considerations first, it is an obvious point that the choice of methodology necessarily reveals the researcher's assumptions about the phenomenon to be studied and how best to study it. In appraising feasible research methods I felt that partnership, at bottom, is about the conduct of relationships, about shifts in attitudes and behavioural responses. Dealing with such complex and ever-shifting dynamics did not seem to offer up an identifiable and testable cause or set of causes and certain probable effects; organisations and relationships within them are typically too messy and contradictory and, importantly, ever-changing to accommodate that.

Secondly, I agreed with Morse (1991, cited in Cresswell, 1994: p120) that, for investigations into emerging, or in Morse's term "*immature*", trends (which partnership still is) it is more valuable to eschew prescriptive analysis and measurement tools in favour of more open and semi-structured enquiry into the participants' accounts of their reality first, leaving until later the attempts to explain the data. It is not for the researcher to impose her/his own theoretical assumptions upon the participants *prior to* engagement in the research.

Thirdly, the participants in the organisation have created partnership; they constitute the subject of the research. As such they should be the narrators of the partnership 'story' (ideally with as little intrusion into the content of their narratives from the researcher as possible, but within the disciplines required of academic research).

Finally, partnership is a phenomenon of its time; as I argued in chapter four, partnership is the product of a set of converging political, economic and management trends during the mid- to late 1990s in Britain. This context is crucial.

Given these epistemological concerns, the technical justification of qualitative research methods follows logically; indeed, the former informs the latter.<sup>31</sup>

Qualitative methods emphasise human processes and meanings, and the interpretation of subjects' understanding, rather than fixed and measurable outcomes (Merriam, 1988, cited in Cresswell, op cit: p145). Rigid theoretical frameworks and methodological constructs can offer unambiguous examinations of the linkages between variables, but they tend to overlook the nuances of how organisational and interpersonal dynamics affected these variables and brought the outcomes. One-off quantitative surveys, even in a time-series, typically only capture the mood at a fixed

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<sup>31</sup> *The epistemological rationale accords with my own general understanding of phenomenon, drawn from chaos theory. To grossly simplify, the specifics of all behaviour are unpredictable because they are inherently random. However, all behaviour falls within certain parameters, or observable patterns, that can be traced and used as predictors. These are subject to two main influencing forces: 'strange attractors' and a phenomenon known as 'sensitive dependence upon initial conditions'. The latter is chaos theory's technical term for the common sense reasoning that what happens depends on the starting point of the elements concerned. (For example, participants' rationales for establishing partnership tell us much about these initial conditions, as does the extent to which all constituencies were involved and engaged in the process.) Strange attractors meanwhile are elements present that compel other elements in a system toward certain patterns of behaviour. (A partnership agreement setting out the principles for conducting employee relations might be considered a 'strange attractor'.) Qualitative case study research methods allow one to identify both the 'strange attractors' and to chart the 'initial conditions', and responses to them: "Qualitative methods will increase in importance when studying potentially chaotic systems" (Gregersen & Sailer, 1993: p797).*

point in time. Such one-off snap-shots can be misleading, especially when tracking shifts in attitudes and behaviours. (Even within this research it was apparent in interviews that I had caught respondents at an inconvenient time, when they were otherwise pre-occupied or tired and struggling to engage with often quite philosophical concerns.) Design of quantitative surveys struggles to capture accurately the meaning, the essence and context of attitudinal and behavioural processes.

It is for this reason that I also elected not to conduct small-scale quantitative surveys of shopfloor respondents. While these might have offered me a snap-shot of employees' attitudes to partnership and levels of trust at any one time, the outcomes were likely to be influenced primarily by whatever had happened in the immediate few days preceding the survey, rather than catch a reflective perspective on shifts in relationships overall. Interviews allow one to focus on different time periods, and challenge and clarify commentaries. (In addition, as I discovered in my semi-structured interviews, generating a set of unbiased, understandable, open-ended and flexible questions – which a tick-box survey would require - is very difficult for a phenomenon as process-driven as partnership.) I was not convinced that reductive methods such as quantitative 'tick-box' attitude surveys would, at this early stage, tell us much of value about the alleged link between partnership and trust, especially about how it is forged - if, indeed, it is. However, in my concluding remarks I offer suggested research agendas into partnership, for which quantitative surveys might be more appropriate.

A further advantage of qualitative methods is that they allow the researcher to remain flexible, and to adapt her/ his research to what emerges during the collection of the data (in this case, participants' accounts of partnership). Use of qualitative research methods allow for new theories to be formulated, as the data emerges, which can then be examined in more detail. Once you have embarked on research with an approved survey of questions, it necessarily constrains what data you are going to collect.

With so few genuine examples of what I have called the '1990s version' (and most of these not established much beyond a few years), it is apparent that partnership is a

fledgling phenomenon. Qualitative enquiry methods suit better the investigation into such phenomenon. Marchington noted in an ESRC/ IPD seminar in 1996 that the lack of significant case study research was hampering our understanding of partnership, and therefore that qualitative examination of the reality of partnership was crucial.

Qualitative methods are more flexible for research endeavours seeking to learn the precise nature of a phenomenon, whereas quantitative methods are more helpful for examining established patterns of behaviour.

The experience of Guest and Peccei (1998; 2001), whose quantitative research proved somewhat agnostic on the genuine realities of partnership, suggests to me that perhaps the study may have been premature, or that the sample (of IPA members at varying stages of partnership maturity) may have been skewed by the less mature examples. Each case study here has a well-established 'partnership'.

Qualitative research seeks to investigate process and meaning through analysing participants' *own* words and actions, as they express themselves. Quantitative survey methods by contrast can proscribe subjects' realities to a certain extent into what the researcher considers categorisable responses, however extensive and insightful these may be. Unforeseen accounts are then banished into a section marked 'Other'. Confining respondents' accounts to a set of restricted survey options is not appropriate for such process-driven phenomena.

Finally, qualitative research methods are also careful to set processes and shifts in attitudes and behaviours within the shifting context of the organisation's situation (Marshall & Rossman, op cit: p49), at least according to accounts from the respondents. This too is crucial information. With such a phenomenon as partnership, context is critical, and it "*can only be understood*" with reference to this (Hayne & Allen, 1999), and quantitative methods inevitably struggle to capture a firm's entire context.

In addition to these merits of qualitative research methods, my research was constrained by two situational factors that further recommended against the use of

quantitative surveys. Firstly, I had a limited time-frame: my wedding, scheduled for May 2002, meant that I needed to complete my PhD within three years. Qualitative case studies suggested a more manageable research project in that time. Secondly, I anticipated problems securing access to each organisation if the research method entailed conducting surveys of a representative cross-section sample of the workforce, and in the telephone conversations about access my key contact was rather happier to facilitate a few days of interviews than a large-scale survey.

This is not to denigrate use of quantitative methods, of course. In the conclusion I return to consider what insights might have been revealed by use of such research tools, and I also offer some areas of interest for future research agendas.

A final rationale for producing case study work came from Lord McCarthy, who identified trust as a key factor in establishing “*good industrial relations*”, and called upon British industrial relations researchers to “*design projects to test... assumptions in action, in as many organisations as possible, making sure that the responses and reactions of the shopfloor are recorded objectively, alongside the aims and achievements of management*” (1995: p31). This exhortation to produce more qualitative, practical case study research made a considerable impression upon me. McCarthy attached five pre-conditions to such research:

1. The organisations studied must be facing critical problems of performance and motivation arising from external pressure
2. Their managements must be committed to a given paradigm [work organisation method], eager to demonstrate that it works for them
3. The fieldwork should be conducted directly inside the organisation, with no intermediaries involved and the use of quantitative survey methods minimised
4. Those undertaking the research must be committed to drawing practical conclusions from the data, while respecting the most rigorous of academic standards, and finally –
5. Reports should be written in plain, non-academic language.

I address each of McCarthy’s pre-conditions at the close of this chapter.

Use of case studies to analyse partnership arrangements has a precedent in Marks et al’s investigation of the partnership agreements in the Scottish spirits industry,

Hayne and Allen's paper to the BUIRA conference in 1999 containing accounts at Legal & General and Tesco, and in numerous forthcoming works (previewed at the 'Assessing Partnership' conference, May 2001). In addition, it has a long-standing methodological validity for examinations into employee participation schemes (for an example, see Department of Employment, 1981).

Thus, in embarking on this research I considered qualitative research to be of more value and more interest to us. However, below I address the drawbacks of this approach, based on my experience in this research.

#### Access.

I sought 'partnership' organisations across a wide range of sectors, with a view to improving the likelihood of 'transferability'. I drew in the first instance upon IPA member organisations or clients as likely partnership organisations. Those that had reported existing policies and practices corresponding to each of the IPA model's 'commitments' and 'building blocks' were considered targets for access. Thus, I anticipated that evidence of partnership-style relations would be present already, based on *prima facie* evidence. It was further reasonable to assume that, as paying IPA members, these organisations were likely to be sympathetic to submitting their experience to academic research. So it proved.

I approached eleven organisations. Seven indicated that they were prepared to take part in my research; four declined. In the event I conducted four post-implementation case studies of existing partnership organisations:

- 'WhiskyCo'
- 'EngineParts'
- 'SchoolWear' and
- 'NorthWest NHS Trust'.<sup>32</sup>

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<sup>32</sup> *A major high street bank withdrew involvement after two extended interviews with the Head of Employee Relations, as a consequence of likely confrontations arising from a major restructuring programme. It was felt that a researcher asking about 'partnership' during such a time would present problems for the company's employment relations. (This in itself is an interesting episode, highlighting as it does the fragility of partnership.) I elected not to study a single-site automotive components firm as they were similar to 'EngineParts'. I also elected not to study an Irish organisation because of the problems of introducing a comparative element, with different national industrial relations systems and players.*

For the first set of interviews I secured a prolonged immersion into the organisation over the course of almost a full working week. This allowed me to interview a wide range of participants from all levels of the organisation, and also to observe firsthand the extent to which partnership and mutual trust seemed evident in the everyday operations of the enterprise. A week also enabled me to gather a large body of documentary evidence. I had hoped to become a familiar fixture around the workplace during the week of research, providing opportunities for informal conversations - in the canteen, at the photocopier, and after work - where more candid insights might have been more forthcoming. This was too ambitious in hindsight as, on the whole, these opportunities did not materialise.

I returned to each organisation for a second follow-up visit between 9 and 12 months after the first round of interviews (although for SchoolWear, as I had secured access to them late, the two rounds of interviews were conducted 4 months apart). I had written a first draft of the narrative section of the case study based on the first set of interviews, and sent it to my key contact for comment, and to check for accuracy, and clarification. The second set of interviews was conducted with key participants selected by myself.

### **Interview respondents.**

Access was secured in the first instance from the HR manager, facilitating access to all, or most, of the key participants, and a selection of employees drawn from a broad cross-section of the workforce. These were to a considerable extent selected by the organisation's managers as 'appropriate' or 'available'. For the shopfloor respondents I asked to speak with around half a dozen or so, drawn from different grades. In each organisation I asked specifically to speak to sceptics and dissenters, and this was granted. I can make no claim that either the percentage or the personal profile of the shopfloor respondents can be considered representative of the whole organisation. But there is no reason to suspect that they were selected for their docility, or harmlessness:

- At **WhiskyCo** I spoke to the Managing Director, two HR Directors, other HR officers, senior representatives and shop stewards from all three trade unions involved, line managers in production, and around half a dozen 'shopfloor' and administrative staff.



- At **EngineParts** I spoke to the two plant managers, the HR team, the union convenor and shop stewards, production supervisors, line managers, and several ‘shopfloor’ operatives and administrative officers.
- At **SchoolWear** I spoke to the Managing Director and founder, the HR Director, other members of the HR team, Directors in Production and Finance, production supervisors and around half a dozen shopfloor workers and administrative workers.
- At **NorthWest NHS Trust** I spoke to the Chairman, the two HR Directors, other managers, HR officers, senior representatives and shop stewards from each of the major trade unions involved, plus half a dozen ‘shop floor’ employees (in administration, cleaning and nursing).

The comparatively high number of interviewees across a range of organisational levels and grades, marks these case studies out as more comprehensive than Marks et al (1998: p210), the Knell report for the DTI (Knell, 1999), and IRS (2000a), each of whom confined their analysis to the testimonies of HR professionals and senior union officials. One gap that proved impossible to overcome, alas, was the senior managers in the parent companies of WhiskyCo and EngineParts.

#### **Data collection methods.**

I employed informal, semi-structured interviews as my main data collection source, for the reasons cited above. The interviews, conversations and collection of documentary evidence were used to compile a thorough examination of the organisation, and to confirm the extent to which partnership arrangements were present and robust. Specifically I sought to discover:

- A narrative from a wide range of employees of the progress, if any, toward partnership:
- The existing structures, processes and outcomes of the organisation’s employee relations (looking for evidence for the presence, or otherwise, of each of the IPA partnership policies and practices)
- The informal rules and codes of behaviour (drawing on the definition of trust detailed in chapter two), especially looking into how dissent and/or conflict is dealt with.

Documentary evidence included the organisation's "*artefacts and creations*" (cf. Schein) such as the partnership agreement itself where one had been drawn up, plus internal reports and briefings, newsletters, some minutes of meetings, evidence of status differentials, etc.

### **Conducting the interview.**

In my opening remarks I introduced the purpose of the interview as looking into "*what it's like to work here*", or "*how work relationships are conducted here*", or - with participants already familiar with the purposes of my research - "*the arrangements you have here and how they might [emphasised] be linked to this concept of 'partnership' at work*". I explained that I wanted them to speak freely, to offer their own opinions, and not to try to guess what I want to hear. A line that seemed to reassure respondents was: "*There are no right answers; in fact, every answer you give me is the right answer, because it's your opinion*". I explained my intention to remain neutral as far as possible. Relatedly, I explained why, because of the possibility of influencing the participant's account, I was unable to respond as one would in a normal conversation, and for them to prepare for some awkwardness in that respect. I sought to reassure respondents of their anonymity, especially with regard to the tape recorder which I explained was necessary to free me from writing down every last word, but also so that others might check the accuracy of my interpretation of events. I guaranteed each participant that they would not be identified by name, or by distinguishing characteristics. (That said, many had no concerns over being linked in person to their comments, and so certain attributions in the case studies reflect this confidence.)

### **Sample interview questions – round one.**

The anticipated questions below were modified and refined in discussion with my supervisor. It was intended that each provide adequate information to, in the first instance, help compile an accurate and detailed, multi-account narrative of events at each of the case study organisations, and then to explore on a preliminary level the respondents' understanding of partnership. In particular, I hoped to be in a position to categorise the respondent's overall account according to the four theoretical frameworks of my thesis (the IPA partnership model, trust-based relations, Walton

and McKersie's theories of bargaining behaviour, and game theory). Anticipated questions, with what I hoped they might illuminate, included:

**Table 4 – First round of interviews: some of the anticipated questions.**

<b>First round questions.</b>	<b>Purpose of the question.</b>
<i>Please give a short biographical profile of yourself, your career, and your job.</i>	Opening remarks to hopefully set the interviewee at ease.
<i>How would you characterise the employee relations in this organisation [prior to the partnership discussions]?</i>	To gauge the extent to which trust, collaboration and distributive/ integrative bargaining existed prior to 'partnership'.
<i>Please describe your understanding of the rationale of the following for entering into discussions on partnership: organisation/ trade unions/ the workforce.</i>	To assess the interviewee's understanding of the situational context, and what motivated the key participants to consider partnership.
<i>What were the key influences or catalysts on this rationale?</i>	As above.
<i>[If involved in the discussions], please describe what happened in the earliest stages of discussing partnership. Describe the mood, behaviours, and tactics.</i>	To categorise behaviours according to each, or any, of the four theoretical frameworks.
<i>Who led the discussions? How was partnership presented and debated? How were the discussions organised?</i>	To investigate the nature of the structures and principles that informed the negotiations.
<i>Describe any parameters or restrictions attached to the discussions.</i>	As above.
<i>What were the major sticking points? How were these resolved?</i>	As above.
<i>In your opinion, when was the moment when partnership became a feasible reality? Why did this come about?</i>	To pinpoint the moment when the relationship changed, if indeed it did.
<i>Describe how – if at all – the moods, behaviours and tactics of the negotiators changed. Why did this happen? How would you characterise the 'new' style?</i>	As above.
<i>Describe the moods, behaviours and tactics of the negotiators after the agreement to enter into a partnership.</i>	As above.
<i>Describe the partnership arrangements that have resulted in your organisation: the content of the deal, its aspirations, rationale, processes and structures.</i>	To learn how partnership is structured and arranged, and maintained.
<i>Describe your understanding of partnership. What does it mean for you, and are there any general principles?</i>	To appraise the interviewee's understanding of partnership.
<i>[If the respondent considers the relationship now to be one based on trust] Please explain what you understand by trust, and what this means to you.</i>	To learn how the interviewee understands and values (if at all) trust.
<i>How did the workforce endorse the partnership? Key selling points?</i>	To learn how the workforce endorsed the partnership – how it was 'sold' to them.
<i>What evidence do you have that either side will not damage the partnership? Why?</i>	To test for the presence of mutual trust, and punishments for defection.

<b>First round questions – continued.</b>	<b>Purpose of the question.</b>
<i>Please imagine a situation in which the partnership will have to be abandoned.</i>	As above.
<i>To what extent does partnership now dictate how work, and employee relations, are controlled in your organisation?</i>	As above.
<i>What are the advantages and disadvantages of partnership?</i>	To assess interviewee's understanding of partnership's benefits and costs.

### **Sample interview questions – round two.**

The second set of interviews was arranged to afford me an update on the partnership from the key players, but was primarily concerned with a more analytical further consideration of the nature of partnership and the alleged links with trust. For each response I sought evidence and examples of what the interviewee was describing. Anticipated questions, with what I hoped they might illuminate, included:

**Table 5 – Second round of interviews: some of the anticipated questions.**

<b>Second round questions.</b>	<b>Purpose of the question.</b>
<i>Please update me on recent developments.</i>	To learn of any developments.
<i>Have there been any amendments to the partnership arrangements, or any of its constituent parts?</i>	As above.
<i>How do you now understand, and define, 'partnership'? What are the positives and negatives/ opportunities and concerns?</i>	To assess interviewee's understanding of partnership arrangements, and perceived benefits/ costs.
<i>What other options are available to each party in the relationship, other than partnership?</i>	To examine the constraints placed upon participants, and to weigh up the benefits/costs of partnership & other options.
<i>Is partnership a cyclical phenomenon? How permanent/ embedded are the arrangements?</i>	As above.
<i>What is the nature of trust? What generates trust? What undermines, or destroys, trust?</i>	To learn the interviewee's appreciation of trust, and what factors promote and damage trust.
<i>Which of the 'degrees of trust' [see below] best describes the relationships here: at different stages of development?, between different constituencies? And with whom is the partnership between?</i>	To learn the nature of the trust-based relations in the partnership, and how and why this has come about. Also to discover how trust has evolved over time, and between whom it exists.

### **Degrees of trust.**

Each of the second interviewees was presented with the following definitions of degrees of trust, set along a continuum in order (as per chapter two).

**Figure 5 – The definitions of trust presented to second round respondents.**

<p><b>Deterrence-based Trust:</b> Not trust at all in any positive sense, but a manifestation of distrust, with co-operation reinforced or imposed through the threat of deterrents.</p>	<p><b>Calculus-based Trust:</b> Does involve vulnerability and a pre-disposition toward trust, while retaining its reliance on a valid cost-benefit analysis, and the protections provided by deterrence rather than by mutual goodwill.</p>	<p><b>Knowledge-based Trust:</b> Based much more on judging the other's predictability, against evidence drawn from a series of interactions; a "positive expectation" arises. Much less reliance on the threat of sanction to reinforce the collaboration.</p>	<p><b>Relational-based Trust:</b> Based on consistent evidence of reliability, for mutual benefit, hence there is some convergence of interests. Enduring principles can emerge that set clear parameters around what is acceptable in the relationship. It can even lead to an emotional bond developing between parties.</p>	<p><b>Identification-based Trust:</b> Based on mutual understanding and affection, this degree of trust is for Lewicki and Bunker most readily associated with love affairs. The intensity of the trust belief means that betrayal is felt all the deeper.</p>
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Use of these definitions is an original aspect of this research design.<sup>33</sup> But they are not without their limitations. The main problem with them is that each is a rather complex philosophical conceptualisation, expressed in technical language. I wanted to retain the important nuances of the original definitions (discussed in chapter two). But this does mean that they take a while to read and to understand fully, and on one or two occasions, respondents felt confused and even distressed by their inability to clearly understand the task put before them. Nevertheless they generated compelling evidence and fascinating areas for discussion.

<sup>33</sup> Other researchers have devised quantitative measures for trust, but none proved satisfactory to me. Sandra Robinson (1996: p583) devised a seven-item scale, for which respondents (in her case, graduates joining blue-chip firms) answered along a five-stage Likert scale (from "strongly agree" to "strongly disagree"):

- "I believe my employer has high integrity"
- "I can expect my employer to treat me in a consistent and predictable fashion"
- "My employer is not always honest and truthful"
- "In general, I believe my employer's motives and intentions are good"
- "I don't think my employer treats me fairly"
- "My employer is open and upfront with me", and -
- "I am not sure I fully trust my employer".

These measures are subject to challenge in the light of the discussion in chapter two. While many of the items do reflect some of the characteristics of a trust-based relationship, they do not isolate the sources of trust. Nor is there a measure that captures the individual's innate pre-disposition toward trust, and perhaps toward trusting employers in general. Most seriously, there is no measure of the degree of confidence (deterrence-based, calculus-based, etc), based on the evidence of past behaviours. Nor is there an item that measures the likely strength of the trust in a crisis. No item indicates that parties are operating in a context of risk. Finally, if trust is a mutual phenomenon then there is no measure of the employer's (i.e.: management's) trust toward its employees. In forthcoming research work, to be conducted at the Erasmus University Rotterdam, I shall be working on an improved measure for trust.

### Questioning technique.

In terms of phrasing the questions, I tried to keep the options for response as open as possible. I sought to provide, as far as I was able, the respondent with an understandable and ‘neutrally’ phrased question – which is not always easy, especially when responding to an unforeseen observation or comment – that accorded the interviewee free rein to interpret it as (s)he felt appropriate.

I was conscious of offering single-issue, open-ended, unembellished questions, such as “*what were your reasons for seeking a partnership agreement?*” I tried to avoid the temptation of giving respondents options or ‘clues’ for their reply, such as “*was it because of X, or maybe Y, for example?*”, since giving such options might have restricted their accounts. I tried hard – and for the most part I think I succeeded - not to offer suggested lines of thinking or angles, or to prompt the participant. However, for clarification, I used closed questions that on occasion did offer interviewees with options.

I dealt with “*social anxiety*” (the desire to create a coherent, favourable self-image that can inhibit and distort information) and participant “*reactivity*” (wariness) as best I could, the former with polite but persistent challenges to any participant’s exaggerated or improbable statements, the latter with the reassurances prior to the interview and ‘encouraging’ noises and smiles of recognition.

When confronted with an awkward silence, I tried to follow recommendations that I had read for three common silences:

- The “*thoughtful*” silence requiring encouraging noises to urge the interviewee to express her/himself
- The “*stuck*” silence when a question or idea may need to be rephrased, and
- An “*embarrassed*” silence when something amiss has taken place, and the interview is required to move on to another subject.

Throughout the interviews I was aware of the need to establish a confident but relaxed posture, and the importance of eye contact, while at the same time compiling useful and decipherable notes.

### **The experience of semi-structured interviews.**

In practice, being semi-structured and with the respondent's interpretations and concerns paramount, many of the questions were either not needed (as the respondent had addressed the question's subject matter elsewhere). Or the conversation deviated interestingly (or not!) and to revert to ground already covered would have disrupted the 'flow' of the interview, and perhaps undermine the respondent's confidence by returning to matters (s)he, by implication, had not explained adequately. This is a problem, and I could find no suitable ameliorating technique. However, cross-referencing with the many other respondents addressed these deficiencies to some extent. At times interviewees did divert from the subject down what, for them, were important avenues or into significant personal grievances, but unfortunately these did not offer much in the way of insight. This is the downside of allowing respondents a free rein. But I was too polite to interrupt!

Though not a universal experience, the majority of non-managerial respondents were unprepared to analyse and discuss the nuances of relationships at the senior organisational level(s). Many apologised that they "*can't really comment on that*", or that they just "*don't know*". This, in part, has skewed the narrative accounts and the interpretation of events.

Also, interviews late in the day tended to provide fewer valuable insights, as either my interviewee or I was likely to be tired, mentally if not physically, and the content of the discussion is complex and intense. Maintaining a comfortable conversation with interviewees sometimes required scientifically non-rigorous comment and opinion, and so when I listened back to the interviews I treated with caution material that I considered to have been 'induced' or otherwise directed by my own poor or unavoidable phrasing of questions. I do not believe that this happened enough to distort the narratives.

### **Data analysis.**

To examine the outcomes of the second set of interviews, I used a coding technique known as 'systems of arguments' to categorise responses. 'Systems of argument' involves ascribing a code to a certain line of thinking on an issue, which helps the researcher to fit respondents' accounts into theoretical frameworks. My presentation

to each respondent of the five descriptions of degrees of trust is an example of this technique. Take the following hypothetical quotes from a union official in response to the question, “How would you describe the level of trust in your organisation?”

1. “Wouldn’t trust them as far as I could throw them”.
2. “How much I trust management depends on the issue we’re talking about”.
3. “I judge people by their actions, and so far management have not turned me over”.
4. “I can take X into my strictest confidence now, knowing that he won’t do anything to undermine me”.
5. “I trust X completely; his agenda is my agenda”.

One may appraise the statements, as I have done, in the light of the definition of trust provided in chapter two: statement 1 displays no trust whatsoever, 2 might be considered a burgeoning calculus-based trust, 3 knowledge-based trust, 4 relational-based trust and 5 an example of identification-based trust.<sup>34 35</sup>

### Methodological and ethical concerns.

I hoped that my role as a researcher from the London School of Economics would be uncontroversial. However, to ease participants’ concerns about my intrusion, and its

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<sup>34</sup> Equally, one could categorise the above responses according to Fox’s frames of reference (1974a), with 1 being a Marxist/ radical appraisal, 2 reflecting a limited attempt at pluralism, 3 a stronger pluralist assessment, and 4 and 5 expressing more unitarist sentiments.

<sup>35</sup> I had intended to use another coding technique, ‘attributional coding’ (Silvester, 1998). But this proved to be too difficult for reasons I outline here. Attributional coding is “concerned with everyday causal explanations that people produce when they encounter novel, important, unusual or threatening behaviour and events” (p74). The Leeds Attributional Coding System or LACS allows for attribution to be assigned among several different agents and events, and focuses on the participants’ subjective assessments of causality (ibid: p78). Their judgements may not be valid in that they may not be borne out by the ‘facts’. But from several different respondents the system should make it possible to amass a coherent, or incoherent, organisational understanding of the relevant events [in this project, the negotiations surrounding the implementation of a partnership agreement]. The LACS comprises four components: the Agent (A), the Target (B), the Outcome (C), and the causality between them (x), such that ‘A’ does ‘x’ to ‘B’, producing ‘C’, or ‘A’ causes (x) ‘C’ to happen to ‘B’. It then rates the causality along six dimensions, rated 1-3 on an ascending scale:

1. Stable/unstable: the perceived permanence of the cause (where 1 = unstable).
2. Global/specific: the sphere of influence of the cause (where 1 = limited or narrow).
3. Internal/external: the source of the cause (where 1 = external, 3 internal)
4. Personal/universal: the application of the cause (where 1 = universal)
5. Controllable/uncontrollable: the scope to influence the cause (where 1 = uncontrollable).
6. Valency: the nature of the cause’s outcomes (where 1 = negative, 2 positive)

This method seemed to promise a distinctive, vivid and rigorous data processing technique. However, when I analysed the interviews, it became apparent that for complex, multi-variable phenomena such as changing employment relationships, there were few statements in which unambiguous causality was identified, and certainly not enough for the LACS method to form the basis of my analysis. Most respondents cited several different sources of causality for the reason why a partnership was considered, for example. Also, even when a respondent articulated a clear link between an event and its consequence, further probing and analysis often undermined the clarity of the initial interpretation. So, with reluctance, I abandoned the LACS method.



implications, I liaised with each organisation when I negotiated access on the crucial issue of participant anonymity. All deemed it necessary.

An important concern over possible researcher bias is my part-time paid position as Research and Information Manager at the IPA. I would refute charges of a clash of interests, or bias or compromise. To avoid accusations of bias, I reached an agreement with the Director, Willy Coupar, confirming that my job at the IPA would continue regardless of the outcome of my research (subject to my satisfactory performance, of course), and relinquishing the IPA of all rights to edit or amend the finished work. It was also made a pre-condition of taking part that the case study organisations relinquish all editing demands upon this dissertation. But for the IPA studies some prudent amendments or clarifications were made to avoid unwarranted and unhelpful internal upheavals within the organisations. This thesis remains my creation.

Relatedly, to address accusations of possible bias in my accounts of the partnership arrangements in each of the four case studies, I wish to set out prior to the case studies my own position on partnership. It is that, while I support the notion of genuine and robust forms of partnership (i.e.: I admire arrangements where certain key criterion are genuinely met, and the overwhelming majority of affected employees support the set-up), I am however pessimistic about its long-term robustness. This I consider a reasonable and agnostic stance, and it is this stance that has informed my research.

### **Method validity.**

My research findings are of course constrained by the limitations of this research method. I am especially aware that qualitative research is prone to accusations of being journalism rather than scholarly research. To counter this, I designed my research to produce as accurate as possible an account of partnership organisation's employee relations. To address Lincoln and Guba's four research method issues above (op cit):

- **Credibility.** Access to an unusually wide range of employees (around 15 separate interviews in each organisation) over a prolonged period (a week in the first instance, with a set of follow-up interviews at a later date,

between 4-12 months on) afforded me opportunities to check my narrative account for accuracy, and uncover corroborations or contradictions in participants' accounts. I interviewed a broad cross-section of participants, including shopfloor employees, middle management and, where possible, senior Directors. This depth and variety of testimony is, I believe, a significant strength of my fieldwork evidence. While not perfect – such an incontrovertible account is not possible – I am confident that in each of the case studies I have produced a balanced account of behaviours and views, reporting negative assessments as well as positive accounts, to mitigate against any unconscious researcher bias - see Confirmability below. Marchington's warnings over producing "*fairy tales*" (1995) helped to guard me against the somewhat zealous nature of participants' accounts of 'partnership'. An unwary or non-sceptical researcher might accept, for example, that the partnership arose as a consequence of the inspired and meticulous genius of certain key participants. Another of Marchington's concerns (ibid) was that dissent and disruption could often be 'air-brushed' out of final accounts in case studies. While I found it difficult in a polite and unstructured interview with, at best, compliant (rather than enthusiastic) participants to grill them and challenge every assertion, I believe that my questioning generated sceptical/ hostile perspectives where present, and certainly did nothing to deter such interpretations. Employees' concerns and reservations about partnership arrangements are given extensive coverage in each case study. My determined effort to phrase my questions as 'neutrally' as possible allowed interviewees to interpret my questions as they saw fit. I confined my note-taking technique to facts or quotes only, and recorded all conversations onto cassette, retaining the interviews for subsequent assessors to verify the accuracy of my account. Throughout the creation of this research project, I used my supervisor as a 'devil's advocate', testing my assumptions and constructs.

- **Transferability.** Transferability is problematic for all research, and the nature of qualitative research is such that it "*does not pretend to be replicable*" in all cases (Marshall and Rossman, op cit: p145). Having said that, the theoretical models that I have outlined and applied in my research –

especially trust - are all applicable to other relationships in other organisations. In addition, the case study organisations have been drawn from a wide range of sectors – engineering, drinks manufacturing, clothes design and distribution, and an NHS Trust. Should a consistent ‘story’ emerge across a disparate collection of organisations, one can reasonably draw some firm conclusions, albeit tempered with cautions, on the potential of transferability. That said, it is my firm belief that partnership arrangements are created by *the participants themselves*; I would resist any overly deterministic assumptions.

- **Dependability.** I am confident that the precautions outlined above, and my efforts to “*triangulate the data*” – combining my own interviews with documentation and other existing reports and articles – have to a satisfactory degree ensured that what I present in my case studies is an accurate account of the situation within each of the organisations. It is unlikely that many respondents presented deceitful data, whether by lying or by wilfully distorting the ‘truth’. It is probable that respondents will have edited out uncomfortable details, or self-censored. Others, especially from among the most important players, may have felt tempted to rewrite history in a personally complimentary light. Corroboration between participants’ accounts, as well as the evidence from documentary evidence, and my own observations (including where relevant, challenges to the orthodox view) have all helped to counter the potency of such benign distortions. External access to the cassette recordings of all interviews also helps to affirm this. It is difficult for me to imagine that a set of replica interviews conducted by another researcher would generate a significantly different view of the history of the arrangements, or of the reflections on trust. One source of regret is that the definitions presented to the respondents were perhaps too complex, but I believe that most coped well with them, and produced interesting and considered responses.
- **Confirmability.** Subject validation of my accounts of the change programmes in each organisation, *for accuracy only*, helped reduce skewed reportage. While one caveat is that the validator tended to be the HR/

Personnel manager, each case study was published in a modified version by the IPA, and no employee to my knowledge has objected to the account.

### **Conclusion: McCarthy's pre-conditions.**

To return to Lord McCarthy's five pre-conditions on practical case study research (1995):

1. All four organisations can be said to have faced considerable challenges for both performance improvements and employee motivation. The explicit change management programme selected was, of course, partnership.
2. In all four organisations senior management teams were committed to a given 'paradigm', or work organisation method (i.e.: partnership), and all four were keen proponents of their model and methods.
3. My fieldwork was conducted directly inside the organisation, with no intermediaries involved, and I used no quantitative surveys.
4. As will be seen from each of the studies, and from both my putative model for establishing trust through partnership at work and in my concluding remarks, I have not shied away from "*drawing practical conclusions from the data*". At the same time, I hope that this chapter has indicated the lengths I have gone to "*respect the most rigorous of academic standards*". Finally –
5. I have tried as hard as possible to avoid jargon, gibberish and fancy terms for what are simple concepts already served by an extensive and accurate lexicon!

I am confident that these precautions have enabled me to produce an accurate account of each organisation's partnership arrangements and employee relations.

In the next chapter I present my four case studies of partnership organisations. Each is split into three sections: a narrative account of the progress to partnership, followed by two analysis sections on partnership, and then trust.

## Chapter 6.

### Case study 1: WhiskyCo. Narrative section.

*I first met a representative (the HR Manager) from WhiskyCo in April 2000 to secure access. The first week of interviews took place in July that year. I returned in July and August 2001, to conclude my follow-up interviews.*

#### **Background.**

WhiskyCo is the collective name for a number of distillers, bringing brands such as Ballantine's, Teacher's, and Laphroaig under one umbrella organisation. Now the flagship subsidiary of a British-owned food and drink multi-national, WhiskyCo produces over ten million cases of Scotch whisky, gin, vodka, liqueur and specialist products from its 19 sites throughout Scotland, with a gin plant in southern England. The company employs around 1,000 people [2001 figure], mainly across several sites around Dumbarton, although distilling distinctive whiskies means that some on the headcount are located in several of the most inhospitable regions of Scotland.

Before changes in global markets and customer tastes registered among the big players in the whisky business, each was doing well. With very good profit margins, 'product-to-market' was paramount – a preoccupation also noted by researchers from the Universities of Edinburgh and St Andrews in their study of partnership at WhiskyCo and their local rivals (Marks et al, 1998: p212). Extra costs in production could always be passed on to a loyal customer base in price rises. As such the company could afford to pay their staff very well, and any changes in work practices, though fiercely contested by a highly unionised and well-organised workforce, could be "*bought*". The guiding rule for managers was "*anything to keep production going, and to maintain the status quo*" (HR manager); the price for industrial peace was worth paying "*to get the stuff out of the door*" (production manager). WhiskyCo had 72 shift patterns, rigid demarcations, and 32 grades of pay. Lucrative and "*institutionalised*" overtime schemes bolstered take-home pay considerably. There was almost no employee turnover.

The company always had extremely high union membership levels, shared between the GMB (production) and the AEEU (the engineers), with the MSF – only organised within WhiskyCo in 1980 - representing only a modest percentage of

office staff.<sup>36</sup> Prior to 1995 industrial relations policy was enshrined in two agreements, one from 1973 and one from 1977, with the numbers in one or the other amended by the annual pay deals. *“If it wasn’t written down in either of these two, it didn’t happen”* (HR manager). Outside the annual pay bargaining, conducted separately, general industrial relations policy was settled between the company’s IR specialist and the works convenor, meeting daily, who developed a close friendship. Line managers were typically left out of the decision-making: *“we had next to no say, the unions had it, because they knew the rules and just bypassed the first line management”* (production manager). Widespread employee involvement was considered neither valuable nor necessary. A GMB shop steward recalled his ‘training’ in a bottling hall: *“they just showed you the ‘start’ and ‘stop’ buttons, that was it”*. Management style was vintage command-and-control: *“They didn’t want to know you”*. Given a highly organised workforce in a traditionally militant part of the country, and with production at a premium for managers, this rather detached procedure for resolving problems at work generated confrontational attitudes on both sides, with *“no trust whatsoever”* (HR manager, also a union convenor).

### **Events leading to ‘partnership’.**

In the mid-1990s, the decline in the appeal of whisky in the broader market for alcohol, particularly among the so-called *“lost generation”* of young drinkers in the previous decade, began to hit business performance. When in 1995 the parent company established each of its international subsidiaries as a cost centre rather than a profit centre, it benchmarked costs between them, as well as with direct competitors and comparable companies (such as Coca Cola). The benchmarking highlighted the flabbiness of WhiskyCo’s production methods: hardly any automation, and almost no flexibility in tasks, work times, or employee skills. Output per employee was lower than rivals, and yet WhiskyCo was one of the best payers in Scotland. The parent would no longer tolerate the mismatch between pay and performance. Head office demanded that all of its subsidiaries absorb inflation, and save costs year on year (totalling some £5m), including those for labour. The catalyst for change was this veiled threat, or imperative to change, depending on your point of view. This demand spawned a mantra that remains a company

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<sup>36</sup> By their own admission MSF’s influence within WhiskyCo has always been limited, and so they provide only a peripheral role in the narrative.

standard: *"The minimum level of performance that [WhiskyCo] is prepared to accept equals the best of the competition"*. Tackling inefficiencies included – to managers, at least - the ritualised structures and processes of conflict-based industrial relations.

### **Negotiating partnership: the 1<sup>st</sup> and 2<sup>nd</sup> attempts.**

Prior to 1995 WhiskyCo had tried to initiate a change programme on two earlier occasions. Both failed, including the STAR initiative, which stood for *"Skilled Teams Achieve Results"* (described in Marks et al, 1998 as *"ambitious but ill-fated"* (ibid: p214).

Although the managers had come up with a sound theoretical basis for change, the unions felt that the company was incapable of articulating exactly what changes would be required. For STAR they had tried a 'blank-sheet-of-paper' joint brainstorming approach. But this style was entirely new to WhiskyCo representatives, more at ease with the 'old-style' industrial relations culture: *"a quantum leap from what we were used to"* (AEEU shop steward). Anyway, the suspicious unions did not consider it their role to offer suggestions on how to run the company. When pressed it became apparent that the managers *had "a big list of issues up on a flipchart"* (shop steward) that could have filled several sheets of blank paper. The effort to conduct open discussions while concealing a hidden agenda, reviewed by several respondents from unions and management alike as *"naïve"*, had been exposed. *"Management had to eat humble pie"* (production manager). Although the unions returned from analysing the wish-list with the insistence that they be involved in the changes from the outset - something the managers were *"quite happy to do"* - vital goodwill was lost. Managers subsequently hired in from outside judged that STAR lacked an industrial relations/HR strategy for pushing the reforms through in a well-organised union environment (also in Marks et al, ibid: p215).<sup>37</sup>

Renaming supervisors 'team leaders' and talking about 'empowerment' had little impact. A production manager reflected: *"We went into it believing things would*

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<sup>37</sup> Incidentally, Marks et al found in their interviews dissent among the GMB shop stewards and resistance in the form of an *"informal boycott"* of STAR, in defiance of the supportive stance adopted by their convenor. None of this was mentioned in my own interviews.

*happen if you made superficial changes... We grossly under-estimated the task"* (quoted in People Management article, 26 March 1998).

Momentum toward a joint problem-solving approach faded. It proved a "*false dawn*" (production manager). One engineering shop steward corrupted the original meaning of the STAR initials to "*Skilled Teams Achieve Redundancies*" - an indication of the considerable suspicions abroad within WhiskyCo at the time. But a production manager suggested that the effort at joint working had provided a "*grounding*" for subsequent revisits to the same 'partnership'-style way of working.

Not all of the Board had offered their full support to a 'partnership' programme (production manager; HR manager). Resistance at the top was hampering progress. This was addressed directly during the latter half of 1995, when every senior manager went through a weekend assessment centre, and each was tested for the competencies and attitudes deemed essential for the forthcoming changes: to think strategically (called 'visioning'), to facilitate major innovations and to manage people effectively. As part of this 'operational review' a third left their seats at Board level, and the entire Personnel department was disbanded and re-built. It was, conceded one HR manager, "*quite brutal*".

New, younger managers were deliberately targeted from outside the industry, many being young Scots returning home from posts in England. Much more business-minded, and used to a quicker commercial pace (HR manager), they arrived unencumbered with the 'baggage' of historical precedent in the industry.

The new *HR* department, as it was re-christened, took the findings from the operations review, and drew up a change strategy to present to the Board of the parent company. A 'partnership' deal of some sort with the unions and their members was regarded as phase one, paving the way for phase two: merging the operations of three plants into a huge all-in-one production and bottling site at Kilmalid, on the edge of Dumbarton. Included within the partnership plans was an outline of the type of deal sought, how it would be promoted, as well as profiles of key change agents, including the union representatives, and how best they might be persuaded to endorse the change programme. The partnership programme would



cost £8m to implement in full (HR manager). The Board signed it, and the move to Kilmalid, into action.

The HR team approached front-line production managers about the plans, and for the most part they were relieved to encounter *“goodwill, but also some apathy... It’s important to sort the managers out first because they have to deliver the partnership”* (HR Director). They then identified the company’s top half a dozen or so most pressing problems, and in private over dinner approached the full-time officials of the two production unions (GMB and AEEU) to raise their concerns. The response was cautiously positive, but with clearly expressed stipulations for the future security of the workforce, and for the dignity of those who would be leaving.

But first came the 1995 annual pay rounds. The new managers imposed a single-table arrangement, seeing no reason why they should conduct three separate bargaining rounds when one could suffice. The unions had never sat down with each other previously. The company offered a 7% pay rise and invited the unions to debate potential ‘partnership’ arrangements. The GMB representatives were broadly in favour of such a discussion. As a senior union official (then only recently elected) recalls, it was clear that attitudes, tactics, even the terminology of workplace/ industrial relations were all changing, and at a national level his union had begun to warm to the idea of partnership. The electricians and engineers were not so enthusiastic. The partnership programme, with unfamiliar flexible working practices, *“was like a skeleton; there was no meat on it because there was no discussion with us about what was necessary”*, recalled the AEEU convenor in an interview with People Management magazine (26 March 1998). This meant *“there was no trust, so the [engineering] workforce said ‘No’”*, he later expanded for this case study. An AEEU shop steward elaborated on the lack of trust: *“We didn’t trust what was not written down in black and white, because managers could play their old games otherwise”*. The members defied the endorsement from their full-time official, and many of their own shop stewards, and balloted for industrial action. Returning to the table with 90% ready to strike, the AEEU requested their original 4% flat increase, *“and none of this ‘partnership’ stuff”* (senior AEEU official). They got it. The second attempt at negotiating partnership had foundered.

WhiskyCo elected to pursue a partnership agenda in the first instance with the GMB alone, going down to their college in Manchester for joint teambuilding/ getting-to-know-you sessions. These informal exchanges, repeated interactions in a safe environment, helped to challenge the validity of perceived barriers between managers and the union representatives: *"If you know the guy [as a person], you can trust him, and you can separate the person as an individual from the guy doing business with you"* (HR manager). A formative trust began to develop between the new cadre of managers and the GMB's senior officials. The convenor was asked by the company to become full-time. His salary is now paid out of the HR budget.

In March 1996 the then Managing Director addressed almost the entire workforce in the warehouse at Newtown with what was termed a 'Presidential Address'. Those in far-flung locations were sent a video of the same speech. Written by the HR team, his speech began: *"It's time for some straight talking"*. WhiskyCo's productivity and quality levels no longer justified the exceptional salaries and terms and conditions enjoyed by its staff. After indicating several areas where the company lagged behind competitors, such as overtime costing £2.2m per year, the MD made it clear that retention of the status quo was not an option, as the parent company would almost certainly take many of WhiskyCo's operations elsewhere. (Certain constituencies were more vulnerable than others, for while the blending of Scotch whisky obviously had to remain in Scotland bottling and distribution – accounting for the majority of employees - could be handled elsewhere.) The only option was to *"adapt rapidly"*. There were signs of progress already happening, and he cited the encouraging work of the 'Toward Partnership' committee involving the GMB and the MSF. *"But it's not enough and not enough people are involved"*, he concluded. The change process *"means that we all have to talk and work earnestly toward solutions"* (all quotes from the video).

The first edition of the company's new in-house newsletter reported a *"silence that says it all"* from the assembled workforce, although many of those quoted seemed to appreciate the lack of *"fancy showmanship"* and *"hearing it straight"*. For the managers it proved to be *"a watershed"* (HR manager).

### **Negotiating partnership: the 3<sup>rd</sup> attempt.**

In the middle of 1996, with the MD's exhortation still fresh, the company initiated a programme of small question-&-answer sessions (styled 'Breakout!' events) giving employees opportunities to leave their work to sit face-to-face with company directors to discuss their working life and the proposed changes. According to reports in the company newsletter, these were well received, and alerted directors to serious inefficiencies in the production process.

Momentum gathered for reviving formal talks with the unions about partnership. After a couple of informal meetings over dinner to resurrect the process, the management team held what was called a "*joint agenda workshop*". This featured 3-4 Directors and some 50 employees (drawn from the two main unions, some non-union employees from the more remote sites, plus a few managers). The seating plan was pre-arranged to avoid factions grouping together and, it was hoped, to demonstrate that "*we were all of us [WhiskyCo] employees, and not with our other 'hats' on*" (HR manager). The idea was to engage in joint exercises, then split into syndicate rooms for 'breakout' discussions on what a new joint agenda might look like. "*It was a disaster*" (HR manager). The AEEU insisted on enforcing their 'listening brief only', and left the table to sit together at the back. The GMB duly followed suit, and so there were precious few other options but to show the MD's video and adjourn. One shop steward at the time said, "*You're being too sophisticated for us. This is HR, and we're used to IR*". The meeting resumed, with the acknowledgement that the joint process as presently arranged was not working, and it was agreed that each party go away to draw up their own agenda for change, before trying again two months down the line.

### **Negotiating partnership: the 4<sup>th</sup> attempt.**

The parent company brought in a new HR Director, whose brief was to pull together the trade unions and deliver change. He had done this at other divisions in the company. In November 1996 the company booked a nearby hotel for three weeks, to thrash out a new agreement with the unions. The six managers were accompanied by and the full-time regional officials from all three unions plus, deliberately, *all* forty local union representatives (to the fury of the "*punters*" back in the Dumbarton

plants, according to one of the convenors). This was to share information equally, but also to maintain managerial control of the rumour machine.

The managers had learned from the mistakes of the previous attempt to discuss partnership, and arrived well prepared. *“The new guys knew what they were talking about”* (senior union official). *“Leaked concerns”* had laid the groundwork for a serious engagement with the company’s commercial position; *“everyone knew the circumstances of change and the performance targets”* (shop steward).

The management team, under new leadership, changed tack, and reverted to the company’s more familiar ‘industrial relations negotiating’ style. Delegates sat together in constituency groups around a large table; the employee representatives were largely happy to let their full-time officials negotiate on their behalf. Clear ground rules were established: to be open and honest with each other, and to allow others to speak freely. Then the HR Director, in his blunt and direct fashion, told the unions, *“you will listen”* (production manager), as the company shared a considerable amount of sensitive commercial information, for the first time in any sustained manner. This was designed to set the imperative behind the move toward partnership in its business context. Interestingly, one union rep interpreted this *“repetitive”* exchange of incontrovertible business information as *“dampening [the unions’] enthusiasm”*.

This time the managers went on to share their eight-page wish-list up front. It included an end to demarcations and the introduction of flexible work practices, a simplified pay structure and multi-year pay deals. And there would have to be redundancies.

The managers had expected a process of joint design over the wish-list, but again the trade unions were unwilling initially to engage with the management agenda on a joint basis. The AEEU delegation was suspicious that they were being *“prompted and programmed”* to support management (shop steward); the GMB demanded to know whether anything had been left out, whether the management team was telling the truth, whether the unions were going to be treated like adults (GMB union official). All three unions however reiterated that they wanted to be involved in the

design of the revised terms and conditions, and work practices, and insisted that there be *“no losers”*.

The first week comprised efforts to break the ice, and establish common ground over such a controversial set of demands. This still involved a good deal of *“jostling for position”* between the different constituencies present. The HR Director, and his Manager, had complementary styles, the former a *“shoot-from-the-hip”* straight talker, the latter *“calmer”* (AEEU shop steward). In the formal meetings breakthroughs proved difficult, as for many participants – managers and union officials alike – the setting and the requirements of their role seemed to compel certain *“posturing”* and *“playing to different audiences”* (HR Director). In formal meetings it was felt that people were hostages to what they said. This is perhaps inevitable given that, for one union rep there, joint working parties and the like constituted *“uncharted territory”* (AEEU shop steward). The breakthroughs often came in informal chats outside the official process, where end-points could be set out in rather more vague terms, policy drafts circulated in confidence, and perhaps more importantly, individuals could not be compromised permanently by their utterances.

The catalyst for progress came early, with the formal declaration that there would be no compulsory redundancies for three years (unless the site closed), and an agreement that there would indeed be no losers cash-wise. Guaranteed employment for the duration of the three-year programme, and a commitment to re-training those who remained, provided a safe framework within which the other changes could be negotiated, the former appealing more to the GMB, the latter rather more to the AEEU. Both offers met many of the concerns of the unions, who knew it would be *“a vote winner”* (union convenor) and would smooth the way for voluntary redundancies since many of the ageing workforce were likely to welcome early retirement. The no-compulsory redundancy pledge meant it would be *“so easy to sell the job losses”* to the workforce (production manager); it afforded those remaining a *“good umbrella”*.

From there the negotiations centred on many of the finer points of the flexible work practices sought by the managers, with all parties going through the text with a fine

tooth-comb. Negotiations were, according to those who were there the whole time, “*tortuous*”, “*tiring*”, and “*hard work*”. A senior AEEU official remembered that “*we would sit down and discuss matters and we wouldn’t leave until both sides of the table had reached an agreement*”. Many did not go smoothly; challenges from the unions on the implications of certain changes to working practices had not been foreseen by the management team, and so supplementary research and amendments to drafts wasted time, leaving the shop stewards with little else to do but sit around the hotel, unable to leave, and wait. Although ‘win-win’ solutions were sought, the unions conceded that on some matters they would not get what their members wanted.

In the second week, the company bussed over more managers to sit in joint working parties to thrash out the detail. The AEEU union went with managers to local colleges to research new working methods. One convenor felt that his union, and the other two, enjoyed “*quite a bit of influence*” over framing each policy. A shop steward felt that in the joint working parties “*our opinion was asked, not just the FTOs*”.

The intensity of the sealed venue, and the long and intricate debates, increased each party’s familiarity with each other, and gradually the efforts to seek mutually beneficial solutions built a tentative trust between them. As more issues were resolved, and the agreement took shape and disagreements over the details were ironed out through joint problem solving, the conversation turned during the third week to methods for selling the idea to the workforce.

#### **“Selling” partnership.**

Having agreed the text of the agreement over one intensive three-week period, the communication campaign began to sell the idea of partnership to a sceptical and likely hostile workforce. With Christmas behind them, the management team launched its multi-dimensional communication campaign. The proposed ‘Change Agenda’, as the partnership deal was christened, was written in “*plain English*”, then printed in pocketbook format and distributed to every employee. Remarkably, this was the first time that staff had had their own copy of their own terms and conditions. At the front of the booklet were eight quotes from the leading players –

managers, lay union reps, and full-time officials – all endorsing the deal. The booklet consisted of an introduction to the revised terms, a summary of benefits, an overview of the commercial aspirations of WhiskyCo and the business context, and a set of nine appendices setting out the new grading schemes and shift patterns, how the headcount reductions would pan out over the three years, and then some working examples of new job descriptions and even what a typical day at work under the new arrangements would be like. This last detail was included to introduce workers to their new skills and responsibilities, such as: *“11am: Production of order terminates... All necessary paperwork for order completed by Operator”* [when previously it would have been done by administration].

With the US election going on at the same time, the joint campaign team mimicked Clinton’s tour of the States. Joint presentations by the management team and the trade unions were made at each site, even those buried deep in the Scottish highlands and on remote islands, like Laphroaig. They were given to 20-30 employees at a time in the larger sites. The joint panel explained the whole agenda and the specifics, and then fielded questions. In addition, further ‘breakout!’ sessions allowed groups of employees the chance to challenge managers and directors on the terms of the deal. The company planned for forty such sessions per week. Shop stewards were released from their duties to explain the details. According to union officials, they received far more *“grief”* than the company managers, but among the key players there was considerable personal support and encouragement. The company conducted exit polls and returned to wavering constituencies to present again. The joint platform was felt to be a contributing factor to workers’ eventual faith in the deal. This experience – of a long and intense joint tour around Scotland, pitching themselves in front of often enraged groups of employees - cemented and augmented the deep personal levels of trust among the ‘key players’ (the managers and union officials).

The company magazine ‘Straight Talk’ led with the story of the partnership agreement, and the company liaised with the town’s newspaper to sell the deal as a good thing for Dumbarton. The local MP publicly endorsed the agreement, and sent a letter to the homes of each employee urging them to support the deal. The company and trade unions had also sent a joint letter explaining the deal, and

eventually a similar letter was sent to wives, husbands, partners and even friends of employees, urging them to persuade their partner of the need for change and the value of the proposed deal. This was not a popular move at the time, but was felt by management to be necessary. Finally, the company worked with the local college to run a course on partnership-style employee relations, and made the course available to interested employees.

### **The workforce verdict.**

The AEEU took the deal to their open meeting, without a management presence (a strategy that had been agreed with the managers). Explained one shop steward: *"There was still no trust from our members. It's historical: workloads had gone up, there had been some de-manning and our members felt undervalued. Plus, the engineers have always been a 'bolshie' bunch! So we didn't invite them [managers]. But we thought we could sell it to our members on our own. The workforce realised there had to be some changes, and we said that basic pay was going up, and there would be multi-skilling and training. We told them we'd done our best"*. An almost unanimous show of hands signalled that union's support for the deal.

The GMB members resisted the original text of 'Change Agenda', because of the company's insistence on transferring production workers from weekly pay over to monthly salary. The managers misjudged the distress and anger that this seemingly peripheral element set off within the workforce, despite numerous union warnings. In the end, the text was rewritten, offering existing employees the choice between weekly or monthly pay, while tying new recruits to the more cost-efficient monthly system. With the revised clause receiving a huge cheer when it was read out in one bottling hall (shop steward), the agreement was endorsed by 75% in a ballot. On the subject of the dissenting 25% the HR Director responded pragmatically that there is *"not enough time to try and convince everyone"*. One union official for the production workers concurred, accepting that *"20% of those members that voted 'No' would have done so regardless of the deal on offer!"* Two production managers pointed to *"ingrained attitudes"* in the west of Scotland, with one feeling that expectations of a *"total win"* are *"naïve"*. Intriguingly, there is some confusion about whether there were two ballots, or only one, for the GMB workforce. The union insists that the deal was rejected in a first ballot; the management recalls only



one ballot, after the amendment on monthly pay. The signing of the deal, staged in the hotel where the talks had taken place, happened on 24 January 1997.

### **Partnership' at WhiskyCo: 'Change Agenda'.**

The deal comprised a joint commitment to the classic 'partnership' trade-off: an agreement to a whole raft of flexible work practices in exchange for guaranteed employment security for everyone remaining after the voluntary redundancy programme, which involved 221 phased over three years. The reduced headcount and flexible work practices would lower costs and improve company profits, in turn helping to sustain employment in WhiskyCo sites: *"Failure to achieve the savings will directly affect the viability of WhiskyCo"*, the introduction warned.

The deal saw the end of demarcation at a stroke; employee workloads would be determined by ability only, within health and safety restrictions. The company committed to extensive skills training and education for all workers at a total cost of almost £2m. Operators have been trained to know every machine on their line, and even to repair any machine (up to 24volts), and some employee involvement initiatives have given staff an increased taste for learning new skills and undertaking training: *"they've really enjoyed it and want more"* (shop steward). However, company-wide and especially among the engineers, the skills training has proved difficult to implement. Five years on from 'Change Agenda' multi-skilling has yet to be fully realised.

The company also bestowed upon production workers at the huge Kilmalid plant a system of self-managed break times, which has since become an extraordinary battleground (see below).

Nobody lost out in terms of money; in fact, everyone's salary increased from between 1 and 18%, depending on a skill appraisal. While the discrepancy in pay increases angered those who did less well, one shop steward felt that, relative to the local labour market and the whisky industry, *"nobody can say they're hard done by, or have poor terms and conditions"*. A series of lump sum bonuses was staggered at different stages over the three years, once the changes had been effected. Everyone moved to staff status. The 32 pay grades among production staff were reduced to

just four. A gainsharing committee implemented a 0.75% bonus dependent on overall company performance, but which was subsequently re-directed to reward low wastage figures. Finally, an investigation into the feasibility and effectiveness of profit-related pay was promised.

### **Partnership at WhiskyCo – structures and practices.**

To oversee the new arrangements the deal established a new joint union-management Steering Committee, and a complement of specially convened Project Teams. The Steering Committee was charged with the responsibility for offering advice, establishing policy and providing guidance to the project teams, and was heralded as *“one of the best ideas”* of the partnership programme, since *“in the past it would have been a management initiative. It gave us an opportunity to find out what was going on”* (AEEU shop steward). The Steering Committee was to comprise no more than nine members (three convenors, three full-time officials, and three company Directors). It would act as the final forum for managing disputes arising out of Change Agenda. Said the GMB convenor in the People Management article (26 March 1998): *“It was quite a chance for the company to take but it showed the amount of trust they were prepared to put in the trade unions”*. For one production manager, the engagement by the unions demonstrated to sceptical colleagues the value of unions; that *“they can help [the business] rather than hinder it”*.

In the event, the Steering Committee faded in significance the longer the change process went on with few major problems. Its work has now been subsumed into the joint project teams that have been variously set the task of resolving issues surrounding the up-skilling of production workers, the multi-skilling of the engineers, the possible profit-related pay scheme, and the problem of the cyclical nature of the business. These continue to meet. Consultation is now largely ad hoc, as and when required, and typically confined to the key players, or their delegated representatives.

The negotiations over ‘Change Agenda’, the implementation, and the Steering Committee had also brought the GMB and AEEU into a common forum working

together for the first time, in spite of some long-held reservations about each other's interpretation of what constituted a union's role in the company.

The unions say they are now much more involved in the business decisions that affect their members, and according to a key production manager have become "*much more proactive*" in the decision-making process, becoming engaged in the planning and process improvements when previously this would have been regarded as the sole terrain of managers. The GMB, for example, is now "*consulted over everything*" (senior union official). In fact, according to the disgruntled engineers' union, the company's formal consultation processes have to some extent been rendered subject to the increasingly close working relationships between the GMB convenor and plant management, ironically mirroring the arrangements deemed unsatisfactory prior to 1995. (See 'Analysis' below.) Describing life as a shop steward post-'Change Agenda', a GMB steward outlined how he now attends regular meetings with management, and has been closely involved in drawing up plans for training and production. The company delegated full responsibility to him for the induction of temporary employees at the Dumbarton bottling hall. Some employees have been involved in decisions regarding new equipment purchases.

As part of the constant benchmarking against rivals, and best performing companies, WhiskyCo initiated a series of Joint Reviews. This involved its maturation processes, its transport division, and its security staff. The joint Transport Review was the first time that many of the firm's 40-odd drivers had been asked for suggestions for improving their performance, and they produced pages of ideas, including an unprecedented move to annualised hours, as well as simple logistical amendments to travel routes. When benchmarked against rival bids, the internal scheme won. The Maturation review was much more controversial. External consultants reported that twice the productivity was possible with half the staff numbers. The changes to practices were agreed in joint working parties, and presented jointly, but nevertheless were far from popular in what has always been a unique and "*dissident*" part of the business (Company communications). The cost reductions did indeed necessitate half of the maturation workforce losing their jobs, although all were secured voluntarily and a 'labour pool' agreement was established. Work, which managers conceded was already "*cold, shitty, and tough*", has

undoubtedly intensified: *“the guys are busting a gut there”*, admitted one HR respondent. The men at the Dumbuck site have sought to retain as much control over their work as possible, and resist directly management edicts, and a production manager felt that only compliance had been secured, rather than enduring commitment to the changes. But productivity has increased from 2.8 casks per person per hour to 9 per hour. The extensive selection process and training for the new team leaders have reaped their rewards, according to one who works there. The review process is ongoing. The company’s security staff could not secure the cost reductions required of them, and they were outsourced in 2000 with, according to HR, a very good compensation package written into the new terms and conditions under TUPE.

WhiskyCo operates a Sharesave scheme that allows employees to buy a stake in the future of the company. There is a 20% discount available to staff. Around 80% of employees have taken advantage of the scheme.

The company has a wide-ranging and innovative communications strategy, including an internal television station, and the use of a freelance journalist who interviews staff for the monthly in-house newspaper, ‘Straight Talk’, named after the former MD’s keynote speech in early 1996. The independence of ‘Straight Talk’ is appreciated by the shop floor, according to the shop stewards interviewed. The journalist sees his role as providing a *“two-way communication, as much for the shop floor as for management”* (Company communication). Briefings are almost always jointly worded and endorsed - a production manager revealed that *“any communication”* to the workforce at his site *“now involves the unions”* – and cascaded with colour-coding, where ‘red’ requires the line to be stopped, while the more usual ‘green’ missives are disseminated weekly. There is also an annual workshop for employees representing each site. 600 people attended in 2000. The MD also undertakes an annual roadshow to all 20 production sites. In January 2000 WhiskyCo secured Investors in People accreditation.

### **The future? Sustainability.**

The ‘Change Agenda’ deal was an *“enabler”* (production manager), a framework for *“getting what has to be done, done and... a jointly agreed method for doing so”*.

When interviewed in the summer of 2000 the then HR Director recognised that difficult commercial decisions were imminent. Consolidation and discarding of brands among the industry rivals, and a putative merger with one, fuelled a sense of uncertainty. But he professed himself *“socially committed to protecting employment in the area”*. The then MD agreed: *“Future success depends on how we deal with this uncertainty, especially when working with people who have been brought up to expect that senior managers have all the answers. But ‘partnership’ is definitely the general direction in which we are heading.”*

The terms of ‘Change Agenda’ were endorsed a second time in early 2000, extending the employment security guarantee for a further year to 2002, and then again in 2001 to January 2003, albeit after a hiatus when the unions were asked to postpone this demand until the turbulence in the spirits industry settled (and, interestingly, after senior WhiskyCo managers had needed *“a bit of convincing”* – hinting that perhaps employment security is not viewed, by managers at least, as a pre-requisite ‘building block’ of partnership but something to be bargained and traded). This has meant five years of employment security through a promise of no compulsory redundancies, and jointly managed manpower levels. For the GMB’s chief negotiator the ongoing employment security is worth *“an extra 1-2% on top of pay”* to his members, and in a quote in ‘Straight Talk’ he argued that the changes to production could proceed *“without any disruption for wage negotiations”* – an indication of his union’s concern for business priorities. The 2000 pay deal, a two-year agreement (a 3% increase in the first year; an increase linked to the Retail Price Inflation figure in the next) was endorsed two-to-one by the AEEU, and 74% of the GMB voted to accept. (It is noteworthy that four years into the ‘partnership’ era union members’ voting inclinations had barely shifted.) One of the convenors is examining disparities in pay awards in the forthcoming [2002] wage round. There is a *“two-tier system”*, with managers receiving on average 9% salary increases while production workers last received a 2.3% rise. *“The disparities create a ‘them and us’... it stinks”*. It would be fascinating to return to WhiskyCo to learn how this debate fared under the strictures of partnership principles.

The closure in January 2001 of three sites, and the £20m move to Kilmalid’s purpose-built, fully integrated bottling manufacturing and office complex, was

achieved with only a few teething problems. Senior managers interviewed are unanimous that this would not have happened without the buy-in secured with the 'Change Agenda' agreement. According to the then MD, "*the workforce's 'philosophical' support for the move was crucial*". (A production manager recalled a round of applause greeting the announcement made by senior managers – this in spite of some job losses.)

In March 2001, following deliberations in joint working parties, Kilmalid introduced a permanent nightshift to increase its productive capacity, on a voluntary basis, although this has still not been well received by the engineers, who prefer their overtime premia.

And yet despite the sophistication of the policies and practices in place, and the substantial investment secured from the parent, the WhiskyCo partnership is potentially under threat. Whispers of discontent, among the engineers in particular, were heard in the summer of 2000, during my first round of interviews: "*The partnership is not working, we need to revive it*" (AEEU shop steward). Managers with too much to do and too little time had prioritised other work matters, it seemed, but also the unions had "*let it [partnership] slip*" to the point where relations were "*getting dangerous*". The senior union representatives at the time would not elaborate further, as they had yet to meet with WhiskyCo's managers to outline his concerns.

When I returned a year later relations had deteriorated for three main reasons:

1. Several of the key players during the 'Change Agenda' era had left
2. The GMB and the AEEU had "*fallen out*", and
3. A potential "*battle*" loomed over the issue of self-managed breaks at Kilmalid.

Taking each in turn, as indicated above, the partnership had been built on the exceptionally close working and *personal* relationships formed among the key players, from both the management and the main unions. These relationships had developed to such an extent that the joint problem solving and candid information sharing had become a kind of 'second nature'. A powerful trust had been established. The success of the move to Kilmalid saw three of the chief managerial

architects of the move, *and* of the partnership – the Managing Director, HR Director, and the HR manager – transferred away to other positions within the parent. At the time of the second round of interviews, no successors were in place in any of the positions, save for a stopgap acting HR Director. In addition, the senior AEEU official retired due to ill health, leaving his deputy with what he himself described as “*a poisoned chalice*” working as the replacement. He put the predicament succinctly: “*The partnership was formed by different people to those in here now*”. His GMB counterpart, who has remained in position, described the consequent state of affairs following the key departures as “*a void... turbulent... a wavering ship*”.

In late 2001 WhiskyCo was awaiting the arrival of a new Managing Director, with cautious optimism mingling with trepidation about the future direction that the new leader might take in industrial relations. The GMB had asked him directly for his support for partnership, and received affirmation, but judgement is suspended.

Although the ‘Change Agenda’ period had led to the unions working closer together, with management, it had always been an uneasy alliance. The departure of the AEEU convenor, and his replacement with a reluctant heir who is rather less combative than his GMB counterpart, has seriously damaged inter-union relationships. Slightings and public criticisms have been exchanged, and they now do not speak to each other. Only rarely will they attend the same meetings, reversing the single-table arrangements secured during ‘Change Agenda’. The closeness of the GMB to managers, and one official in particular, galls the engineers. The extent of collaboration between the GMB and the managers also means that, in the eyes of the AEEU, if managers reach agreement with the GMB, then agreement with other unions and constituencies is assumed as a virtual *fait accompli*. “*The AEEU is standing just outside the door now*”.

The story of the self-managed breaks at Kilmalid is a compelling insight into what happens when partnership relations come up against a serious conflict of interest between the managers and the employees. At the time of ‘Change Agenda’ management agreed to let production workers in the bottling halls manage their own break times, known as the ‘minutes’ system or ‘self-managed breaks’. What has materialised as a self-managed system is that teams organise their work so that one

team member, in rotation, takes a break for up to 20 minutes in the hour while her/his colleagues double up to take her/his position on the line. There is no detriment to production quantity or quality, and no health and safety implications, and the system can allow employees to take breaks amounting to two and a half hours a day (production manager).

Needless to say, the employees love the system; it is *“their last family jewel”* (HR manager). But, unsurprisingly, managers seeking continuous productivity improvements want to *“tackle it”*. (The booming cackle of one particular female production worker enjoying her break in the canteen below the managers’ open-plan offices is clearly grating their nerves...)

A joint working party has met to discuss the issue, in which managers were advised, *“don’t touch it... if you want a battle you’ll get it”* (production union official) since resistance would be severe: *“The union has bonded on this issue, we have renewed strength”*. The GMB suggested the company look instead at quality control of their suppliers, etc, as a more fruitful source of efficiencies. At one stage the regional officer was called in, and threatened industrial action if managers sought to remove the system. The company backed down.

The issue has soured the industrial relations atmosphere, and according to the senior union official, destroyed what trust had been built up between the workforce and managers, though not between himself and the managers he negotiates with. The ‘breaks’ issue is in delicate balance – a *“stalemate”*, but *“people know it’s coming...”* as one manager put it – with the managers keen to *“retain control [over production]”*, as one admitted, but both union and management alike conscious of the fact that were the GMB to surrender the hugely popular system, it would effectively *“disenfranchise”* one of the most powerful advocates for the partnership approach, and the process would lose much of its impetus among production staff. Hence, stalemate.

One could argue that this demonstrates a mature appreciation of the limits of partnership relations. But, it seems more likely from the evident determination of the management team to *“tackle”* the ‘breaks’ system head-on, over and above



addressing other areas for improvement, that this relatively minor issue may yet cost the goodwill of its staff. It is not clear who would win the subsequent battle, but the GMB does not fear strike action if necessary, and sees it not as the end of partnership, but as a tool to reinforce adherence to the partnership's principles (senior union official).

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### **Case study 1 – WhiskyCo. Analysis section: Partnership.**

In this section I first examine the extent to which the people management practices within WhiskyCo coincide with the IPA partnership model. I then go on to discuss how the partnership developed, relating its progress to the model in Figure 4, and then I assess the nature of the partnership arrangements.

Table 6 indicates that 'Change Agenda', and its amended follow-ups, constitutes a partnership agreement:

**Table 6 – Partnership at WhiskyCo.**

<b>Partnership element</b>	<b>Present?</b>
Joint commitment to the success of the enterprise	☺
Recognition of the legitimate interests of each party	☺
Building trust-based relationships	☺
Increasing employee involvement	?
Extensive information sharing	☺
Consultation with employees at workplace and organisational level	☺
Employment security provisions (in exchange for flexible work practices)	☺
Sharing the success of the enterprise	☺

#### **Principles.**

The text of the 'Change Agenda' makes explicit the ambition for both the management team and the workforce to work toward achieving success in the future, and the numerous quotes from senior members in each of the main constituencies – WhiskyCo, and the three unions – endorse the joint approach as being one founded on constructive industrial relations and trust-building. However, there are signs of the partnership principles rubbing up uncomfortably against conflicting commercial imperatives, and facing contrary attitudes in certain interpersonal relationships.

### **Practices.**

Throughout the negotiation of the 'Change Agenda' agreement, the management team shared sensitive commercial and strategic information with the recognised trade unions. Indeed, it could be argued that this precipitated the successful conclusion at the end of the fourth round of discussions on partnership.

The unions, especially the GMB at Kilmalid, are consulted extensively across a much wider agenda of workplace issues. Another feature is the succession of extensions to the employment security guarantee, and the peaceful management of the reduction in headcount following 'Change Agenda'.

Finally, in terms of sharing success, all employees received a salary increase as a consequence of the partnership deal, as well as staggered bonuses and gainsharing bonuses, and the option of participating in the company's share option scheme.

What remains contentious perhaps is the quality of *shopfloor* employee involvement within WhiskyCo. The multi-skilling programme has only yielded partial successes, and other initiatives appear rather patchy in implementation. There remains a concern that the partnership and involvement is restricted to certain key individuals (see below).

### **Analysis: the nature of partnership at WhiskyCo.**

Reflecting on the general conduct of industrial relations and the attitudes now exhibited within WhiskyCo, key players and affected parties interviewed used similar metaphorical devices to describe the transformation since 1996: "*chalk and cheese*", "*night and day*", etc. It "*turned [WhiskyCo's] world upside down*" (HR manager). Relations are "*unrecognisable*" from four years previous (senior manager). The terms of the agreement "*took a lot of the threats away: no compulsory redundancies, no losers, the importance of the employees... It demonstrated trust*" (senior manager). See below for further analysis of respondents' interpretations of the shifts in trust levels, and of the nature of trust-based relations.

Partnership enjoys widespread – but not total, and in places minimal - approval within WhiskyCo; it seems optimistic to claim, as did one of the union convenors, that everybody “*recognises the value of the [partnership] route*”. That said, few would dispute the view of the then HR Director that partnership helped deliver the long-term stability of the company: “*The investment scale [from the parent, notably the Kilmalid site] would have been impossible without partnership, it would never have been authorised. [‘Change Agenda’] guaranteed industrial relations stability... and there is long-term employment stability there if they work at it... There is no other sensible route [for all parties]*”. The unions agreed: “*Partnership protects the site. The workforce attitude is that if we hadn’t done partnership we wouldn’t be here... With partnership we can compete*” (senior union official).

Asked to reflect on what partnership means, a senior union official offered “*communication, working together, sit down and discuss a problem - how to solve it*”. Partnership is, for one (since departed) production manager, “*the only way to do business. It’s not easy, it’s not to be undertaken lightly, and it needs tangible results. You have to be open and honest, and to develop trust-building relationships*”. The same manager could nevertheless see how partnership threatens the position of shop stewards, and argued that “*you cannot afford to drop them... and never compromise them*”. The former HR Director revealed that this uncovers one of partnership’s blind-spots; that there remain “*fundamentally different agendas at work [between employer and employees], and you cannot expect groups to take partnership beyond their own interests... There is a ‘greater good’ programme, but there’s a limit to it, and points beyond which the unions cannot go. You cannot expect it to go on forever... If the company oversteps ‘reasonableness’ then it de-legitimises the partnership and it breaks down.*” He declined to speculate on where these parameters of acceptable compromise might fall, but condemned transgressions on the part of managers as “*madness*”. However, a comment from a current senior union official for the AEEU illuminated the range of retaliatory options available to the unions in response to a managerial ‘defection’. When asked why his union no longer presented more substantial pay claims, he explained that his members would now not allow militancy if it threatened the long-term viability of employment. (This may be because this official is, as indicated above, a reluctant and not especially

militant leader.) More assertive countervailing tactics would thus seem limited for the unions.

However, WhiskyCo has seen instead evidence of sly resistance from the employees and unions that still retains compliance with partnership principles: ‘constructive’ questioning of managerial plans, challenges to the content of policy and practice, or evoking delaying reviews of policy. Some powerful employee groups have also orchestrated their own independent resistance (including one production shift co-ordinating their annual leave for the same day – something that was unlikely to have been a coincidence).

Everyone involved is aware that the partnership is not set in stone: *“You’ve got to work at partnership, to keep going. You cannot let it stall”* (union official). The then Managing Director also cautioned against the assumption that partnership immediately eliminates conflict, and that *“everybody is happy now”*.

Witness the company’s attempts to quantify elusive qualities such as improvements to employee morale and feelings of employment security. Gallup was commissioned to conduct workforce attitude surveys, and results early in the life of ‘Change Agenda’ point to heightened perceptions of employment security, and greater pride in working for the company. However, the transient nature of employee relations threw up negative results, as well, including low levels of trust among the workforce. The HR manager elaborated: *“Results can tend to reflect what has just happened in the company. And the measures can be imprecise: when an employee says they don’t trust their manager, do they mean their team leader, their line manager, their divisional head, or the Board?”* The findings however are illustrative; see the conclusions below.

The joint presenters at the 1999 IPA conference set out the following as lessons learned:

*“Be sensitive to employees’ feelings. Treat one another as adults, being honest and open. Trade unions are a resource. Recognise that management don’t have all the answers. Identify best practice, and be creative. Maximise employee involvement in the project. Use creative communication. Build trust and reduce fear”.*

Many of these echo the recommendations from the academic research.

**Analysis: progress toward partnership and trust.**

WhiskyCo's experience of partnership corresponds closely with the model outlining progress toward trust that I have put forward in this thesis. Prior to 1995, it was a successful and complacent business whose adversarial style of conducting industrial relations had a tolerable impact on operations and profitability. There was, as most respondents volunteered, "*no trust whatsoever*". Factors contributing to this negative state of affairs were held to be the cultural peculiarities of the region – the workers of the west of Scotland being traditionally militant – but also managerial preference for command-and-control, and the lack of employee involvement and even the marginalisation of elected shop stewards in discussions over work matters. All of them exacerbated the mutual suspicions. The partnership at WhiskyCo began from 'square one'.

The catalyst for change was not a crisis as such, but certainly a potentially serious threat to the viability of the company. The parent designated each site as a cost centre, and created internal competition among the sites for investment. The difficult new circumstances and the implications for ways of working were explained by the most senior management, who stressed the imperative of change: "*enlarging the shadow of the future*", in Axelrod's term. New key players arrived (management side) or emerged (unions' side), providing an opportunity for a new approach to industrial relations.

Thus, the conditions were in place for the "*entry into talks*" (1a), but for the first three attempts the management side failed to initiate trust-building or collaborative processes. On the first occasion, prior to the arrival of the 'new breed', managers' lack of organisation and ill-judged secretiveness over their agenda, while claiming publicly that they had none, demonstrated dishonesty and inconsistency, and undermined efforts. For the second attempt, now under the direction of some among the new breed, lack of information (doing little to ease people's anxieties) and the distraction of pay talks (inhibiting attention on the development of new attitudes and behaviours) distracted and stalled the initiative. For the third attempt the managers used inappropriate methods – "*more HR than IR*" – that confused and alienated the union reps, and heightened suspicions. At no stage did the unions feel confident in

taking the 'leap of faith' into talks. The conduct of the fourth attempt fitted more appropriately with the industrial relations culture; it was not novel and strange, and thus unnerving. Paradoxically, the blunt, 'no-nonsense' manner of the main managerial representative appealed to the unions more than the 'pseudo-collaborative' "*HR*" methods tried previously. The transparent ground rules and the pressurised sealed environment of the hotel also helped spur the common search for solutions, it seems. However, most respondents cited the sharing of sensitive information about the business and its prospects as a key factor in moving the talks onto a common, joint agenda (as recommended by Walton and McKersie, Axelrod and Whitener and colleagues – "*communication*").

The fact that the problem-solving talks secured an early and significant 'joint win' – the agreed exchange of an employment security for the introduction of flexible work practices - was also instrumental in demonstrating the mutuality that partnership could potentially offer (2a). This was in line with Walton and McKersie's, and indeed Whitener et al's, call for joint problem solving/ sharing of control and Axelrod's "*practice reciprocity*" principle. A further enabling 'joint win' came with the promise that no employee would lose out financially, by signing up to the new flexible regime. As these joint wins materialised, and each party's behaviour became more consistent and more predictable, it is clear that this galvanised the quality of the talks, and confirmed the viability of the joint problem solving that, previously, had been greeted with suspicion.

The 'Change Agenda' needed the clear endorsement of the workforce in order to have any legitimacy, and to this end WhiskyCo's decision, with the unions, to allow sufficient time for ordinary employees to have a significant input into the final wording of the agreement accorded the final text this validity. Their representatives may have made the 'leap of faith' into the talks and produced a partnership, but the staff had yet to begin the process. The extensive information sharing, across a wide range of mediums, alleviated concerns for the workforce. But it was the amendment to hourly pay that, according to a senior official in the GMB, demonstrated crucial trust. Explained one of their senior negotiators: "*I said to them, 'where's the trust?' You need to show good faith here'. So they relented*". The HR manager viewed the incident rather differently: "*It showed that we were prepared to listen, and it was no*

*big deal in the grand scheme of things*". Allowing the AEEU to present the deal to their members without a contribution from management might also be said to have demonstrated trust (2b), as an HR manager claimed. Requesting a management presence could of course have equally been a monitoring tool, and so indicative of a weak trust.

What is intriguing about this case study is the deterioration in relations in 2001, for the reasons outlined above. This has clear implications for the robustness of the partnership, and the trust-based relations, not least of which is the question, between whom does the partnership/ trust exist? And, to what extent is the partnership/ trust reliant on certain individuals closely involved in the process from the outset, or to what extent can an organisation inculcate a widespread 'partnership' culture? The damage to organisation-wide trust levels from the row over self-managed breaks also highlights the susceptibility of partnership's principles to issue-specific conflict? Is partnership illusory/ a 'false consciousness', the fragility of which is exposed by the first serious disagreement?

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### **Case study 1 – WhiskyCo. Analysis section: Trust.**

I returned to WhiskyCo to interview six respondents, selected by myself. I had already interviewed five of them for the narrative section. (The exception was the acting HR manager who had been absent for the narrative round of interviews.) Each was shown the degrees of trust diagram set out in the Methodology chapter, and given enough time to read and digest the implications of each definition before offering their thoughts. (I turned the tape recorder off to prevent any anxiety that the long silence being recorded may have caused.)

In this section I discuss the respondents' appraisal of the degrees of trust present within the organisation, with their explanations and justifications for their analysis, including any evidence provided in support of their assertions. Where any were offered, I discuss the respondents' own definitions or commentary on the nature of trust at work, and also their thoughts on what might assist in the development of trust at work, and what might constrain or threaten it. Their responses are captured in Table 7 below.

Before I discuss the views captured in Table 7, a valuable finding from this case study is that many of the respondents in the first-round interviews offered the notion of ‘trust’ as a critical determinant of the changes in employment relations. This is valuable because in the first round of interviews I deliberately tried not to engage the interviewee in a discussion on trust, unless they raised it first. For example, a convenor from the period considered that the experience of ‘Change Agenda’ *“built up trust: what management said they delivered: on training, everything”*. An AEEU shop steward suggested that trust necessitated *“a leap of faith”*. But the *“approachability of the managers, and the open forums, helped to contribute [to the development of trust].”* This *“management adequacy”*, to quote another shop steward, is considered vital to embody and demonstrate the joint working and trust: *“They need to be able to carry the trust though, to ‘defeat’ the shopfloor [with trust]”*. Trust for this rep comes, in the first instance, during the honest briefings, which have increased reps’ appreciation of the company’s commercial situation, and of the necessary efficiencies. *“We know we’re not going to get any crap, and that we will be listened to... If there is a business need for change, and it’s explained to us, then it becomes a question of how to present it [to the members]”*. A senior union official commended managers for their changed attitudes: *“they know how to speak to people now”*. Managerial competence in their own job - a sense of professionalism - engenders a degree of trust through exhibiting consistent behaviours, argued one shop steward.

Similar reflection on the need for a consistent approach to management came from a production manager: *“Nothing speaks louder than actions. If you say you’ll do it, do it”*. But this takes time and effort, and an AEEU representative conceded that often managers *“don’t have enough time to come back to the idea”*, especially if their performance appraisal is very demanding. The then MD – who had been transferred overseas by the time of the second round – provided an insight into the depth of the trust secured among the key players, when he said that he could trust one of the most active senior union officials *“completely. His agenda is mine. When he demands well-paid, skilled and committed employees, that’s what I want”* – a view clearly reminiscent of identification-based trust. But he counselled against pushing any partnership too hard, too fast. He recommended parties *“listen to each other”*, and try to create *“commonality”* as a process for achieving mutual trust.



The depth of reflection on trust struck me as being deeper within WhiskyCo than in any of the other case studies. Although I have only my own impressions informing my appraisal of why this should be the case, I would nevertheless suggest that this is in part due to the dramatic shift in the quality of trust-based relations; put simply, respondents have experience of relations at the opposite end of the trust spectrum with which to compare and contrast the new relations. Sophisticated reflection on what trust involves comes from just such a comparison with its opposite. Another reason is that ‘trust’ has been extensively debated within WhiskyCo during the course of the partnership since 1996.

**Table 7 – WhiskyCo respondents on trust continuum.<sup>38</sup>**

	<b>BEFORE P'SHIP (&lt; 1995).</b>	<b>AT P'SHIP (1996).</b>	<b>AFTER P'SHIP (&gt;1996).</b>	<b>2001.</b>
<b>HR DIRECTOR (1996-01)</b>	-	I-b/T	I-b/T; K-b/T; [D-b/T]	-
<b>HR MANAGER (1995-01)</b>	D-b/T	R-b/T to I-b/T; K-b/T	-	K-b/T (?)
<b>HR MANAGER (1998-01)</b>	-	-	-	R-b/T; C-b/T to K-b/T
<b>UNION CONVENOR (1995-01)</b>	-	[R-b/T]	-	R-b/T; D-b/T
<b>SHOP STEWARD (1993-01)/ UNION CONVENOR (2001)</b>	D-b/T	C-b/T	K-b/T	C-b/T; D-b/T
<b>PRODUCTION MANAGER (1996-01)</b>	[D-b/T]	-	-	K-b/T to R-b/T; C-b/T to K-b/T

The semi-colons separate respondents’ comments on the nature of different relationships at work. I discuss them below.

Each of the respondents in the final round of interviews expounded at length on the nature of trust, and what sustains and damages it. Taking each in turn, the HR Director, one of the chief architects of the deal, argued passionately in the first interview that “*partnership is based on trust. Without trust there can be no partnership.*” Presented with the continuum of degrees of trust, he not unreasonably rejected the implied linear progression and pointed out that there are many different

<sup>38</sup> **KEY:** D-b/ T = deterrence-based trust; C-b/T = calculus-based trust; K-b/T = knowledge-based trust; R-b/ T = relational-based trust; I-b/ T = identification-based trust.

employer-employee relationships present in a workplace. Thus, while he had, around the time of agreeing the 'Change Agenda' deal, built identification-based trust with the key players – even, he confirmed when challenged, to the extent that interests had converged and blurred - he felt that he could probably have only elicited knowledge-based trust from the workforce as a whole, post-'Change Agenda', and that a minority of employees would not have trusted him at all... *"But it's bound to be that way in a large business"*. Because trust comes from observed experience of an individual on a one-to-one basis (*"you don't tend to trust someone on hearsay, but by what they do"*), he argued, *"the workforce only sees your reactions [as a manager] in a limited number of circumstances, but others [i.e.: in this case, the key industrial relations players] see you in a range of circumstances"*. Thus, he accepted that perhaps the trust is only forged between the key players: *"In reality, what you've done [with a partnership agreement] is convince a finite group of people to work with you"*. Returning to the exceptionally strong relations with the key players, he distinguished between partnership as a *"tactic"* and as a *"value"*, and felt that the exhausting and intense process of establishing partnership meant that *"you couldn't sustain it without fundamentally believing in it"*. Removed from WhiskyCo now, he worried about the consequences for workforce attitudes of something going wrong: *"My gut-feel is that we've only moved [them] a fraction along the way"* [toward either calculus-based or knowledge-based trust].

The HR manager at the time of 'Change Agenda' (1995-01), also since transferred away, echoed these concerns. He too considered that among the key players trust had developed to either relational-based or identification-based quality, because these individuals *"were immersed in the process"*. He acknowledged that line managers might have seen the key players becoming *"too close"*, but he branded this *"mutual respect"* [rather than collusion]. In the first set of interviews he had argued: *"Trust, for me, is knowing that the unions won't abuse it when we share sensitive information with them. This is not a 100% risk, we can be quietly confident now that they won't, but we needed to spend time building up the trust, to confirm that we could rely [on them]."* He explained that he had tested the union officials by disclosing something in confidence, to see if he heard it from another source at a later date. (The unions did the same with the managers.) In the follow-up interview, as can be seen from Table 7, he reiterated that partnership is *"built on a bedrock of*

*trust*", but he was rather more cautious second time around: trust is "*fragile*" too. Although he left in early 2001, he speculated from rumours – accurately, it would seem – that relations might have reverted to a less powerful degree of trust (though still optimistic at 'knowledge-based'). The several departures among the key players, and subsequent small-scale, unofficial conflicts had worsened relations. As with his Director (above), this also prompted reflection on whether the partnership/trust was confined to relationships among the key players, and had not been established as a set of all-encompassing principles for governing how WhiskyCo conducts its employee relations: "*It really shouldn't make a difference [if the original 'architects' leave] if the process is bedded down and you use the [partnership] systems...*" But participants need to keep focussed on sustaining the application of partnership principles, lest either "*entrenchment from a lack of understanding*" or "*short-termism: winning the battles but losing the war*" start to contaminate relations.

The incumbent HR manager, who had arrived two years after 'Change Agenda', commented only on present relations, judging that the quality of trust depended on whom she was working with. The manager enjoyed rather better relations with the convenor that she saw more often ("*he trusts me completely*"), suggesting that regular face-to-face interaction is a key determinant of trust. Consistent behaviour is also a factor: "*We're open and honest with each other, we'll say 'you're talking bollocks' and bring each other into our confidence, and I've never ever said something and done something else*". On the shopfloor at Kilmalid however, this manager felt that workers might point to either calculus-based or knowledge-based trust, if asked to decide: "*They see a degree of co-operation, that decisions are not just taken for the business*". But, wariness and suspicion has soured relations, principally over the 'breaks' quarrel.

The GMB convenor agreed that he enjoyed relational-based trust with the managers with whom he is in daily contact: the HR manager and the production manager. He typified analysis of trust as behavioural consistency and integrity with the remark: "*For me, [trust] is a case of, 'the proof of the pudding is in the eating'. Try them out, and if they don't let you down, you can trust them.*" However, he cautioned that trust requires timely and accurate communication: "*The earlier I'm told about something*

*the quicker I can react and influence my members, because at some stage news will get down to the shop stewards or the shop floor. Tell me late, and that's where confrontation begins".* (One manager expressed gratitude for the GMB convenor: *"He fights a very good rearguard action to protect the partnership, but he cannot fully stem the tide..."*) I was unable, in the course of this interview, to solicit reflection on differing trust levels during the process of negotiating 'Change Agenda', but the content of his interviews suggests that he too enjoyed at least relational-based trust with the key management players during 'Change Agenda'.

The interview with the other convenor, recently elected to the position within the AEEU, offered the only fully longitudinal assessment of shifts in trust. He described relations pre-1996 as *"bleak"*, conducted on the basis of deterrence. 'Change Agenda' challenged many of the company's previous assumptions about union-management relations, and led to a calculus-based trust; a weak form, because *"we [the unions] weren't used to trusting them [managers]"*. Following 'Change Agenda' the union reps reached a state of knowledge-based trust, arising from *"judging people by their actions"*. The positive agenda of the steering group, compared with more traditional grievance committees, moulded behaviours and attitudes; the joint problem solving processes, conducted *"openly and above board"*, and the (occasional) disclosure of sensitive commercial information, demonstrated both a willingness to trust, and to be trusted on the part of managers. Key individuals drove the partnership, however. When the HR manager left is when the *"slippage"* began: *"Partnerships tend to get built on personalities"*, he concluded. In 2001, relations had indeed worsened for the AEEU, with the convenor's personal relationships with managers back to calculus-based, decision-by-decision judgements (*"more reactive again"*) and his members feeling no trust whatsoever, having – in their view – been mistreated over the introduction of the nightshift, marginalised by alleged managerial preference for dealing with the GMB, and their professed disappointment at the failure of the multi-skilling programme: *"Expectations had been raised and have been dampened again... trying to resurrect something is a tremendously difficult job."* He has become much more cynical about the process, but not to the point where he has contemplated withdrawal of co-operation – yet?

Finally, the production manager, the person most directly affected on the company side from the fall-out over the 'breaks' system, betrayed contradictory thinking over both partnership and trust. It would seem that, while he might *want* to believe in it, and tries hard to believe in it, he remains at heart unconvinced. Although he arrived at the time of 'Change Agenda' he observed evidence of deterrence-based trust in union-management relations. This has since improved to, in his judgement, either knowledge-based or relational-based trust, *"depending on the issue"* – the 'breaks' system doubtless uppermost in his mind. *"Tactics shift according to the issue. We might aspire to [relational-based trust] because it makes change easier, but the communication takes longer. The thing is, do you manage a war of attrition, or a partnership?"* The workforce, he guessed, might respond less positively: calculus-based or knowledge-based, again depending on the issue. *"We've not yet got the hearts and minds of the employees"*, and impressions suggest that this is a long way from happening. He considered the partnership to be in need of a *"rebirth"* based on a joint agenda on business improvement. Asked how he defined trust, he offered *"being open and honest, being able to discuss difficulties... But is making difficult decisions seen by employees as a break in trust?"*

His comments underline the pressures of business, and the implications of competitive demands, jarring against partnership relationships; as the Director above observed, eventually relations will reach a 'line in the sand'. What then for partnership?

## **Conclusion.**

The findings from this case study illustrate the dynamic nature of partnership, and of trust. The responses highlight considerable progress achieved among the key players, whose close personal interactions led to a converging of minds and agendas, and provided clear evidence of each player's integrity and consistency. There is rather less evidence to suggest that the workforce as a whole went along with the enthusiasm of their representatives or managers, and on certain contentious issues the employees nurse ongoing and serious animosities. WhiskyCo is by no means one happy family now. It would seem that the partnership at WhiskyCo has been heavily dependent on the goodwill secured, on a personal level, among the key players. When many moved on, the process stalled, or even reversed, suggesting that a

'partnership ethos' had not percolated throughout WhiskyCo. The comments from the unions also highlight the extent to which the conduct of relations on a partnership or trust basis might be issue-specific. In particular, the – to my mind, either unnecessary or badly managed - row over the 'breaks' system has undone much of the positive outcomes secured through the 'Change Agenda' agreement. Perhaps an organisation's partnership is, to paraphrase the old football manager cliché, *"only as good as your last result"*.

The WhiskyCo findings demonstrate what can be achieved through partnership. Relations have qualitatively improved, and helped to secure the long-term future of the company and employment for its workforce. But they also serve as a warning not to expect too much from partnership, and point up its inherent fragility.

## **Chapter 6.**

### **Case study 2 – EngineParts. Narrative section.**

*I first met two representatives (one of the two plant managers, and the works convenor) from EngineParts in April 2000 to secure access. The first week of interviews took place in August that year. I returned in July 2001 to conclude my follow-up interviews.*

#### **Background.**

EngineParts is the UK division of a US-owned multi-national, based in Chicago. The plant near Bridgend in south Wales manufactures automotive components and systems. Its status as a relatively small supplier to the major car manufacturers, and as a subsidiary of a foreign-owned multi-national, leaves EngineParts vulnerable not only to the customers' demanding contracts, but also, often regardless of its own performance levels, to the cyclical and spontaneous commercial turbulence that afflicts the motor industry.

EngineParts currently employs around 200 employees at its plant in south Wales. Since a few years after its inception in the late 1960s it has recognised the main engineering unions; the staff union, ASTMS, declined in membership during the 1980s, and no longer has a presence. Staff and shopfloor alike are now represented by a single-union recognition agreement with the AEEU (now part of Amicus).

In its early years the plant was organised hierarchically, with seven layers of management and supervision between the shopfloor and the Directors. The managers managed everything through a system of foremen and quality inspectors. The company only rarely sought employee involvement in decision-making, deploying instead "*a traditional 'only do what you are told to do' work method*" (shop steward).

Industrial relations was conducted in the Negotiating Committee in the British tradition: explicitly adversarial, with the territory between management's prerogative and employees' resistance – co-ordinated by the very powerful unions – fought over on an almost daily basis, against a background of bountiful local employment. It was the expected role of the shop stewards to "*oppose anything from managers – no questioning of the members, no reasoning, just opposition... We said we'd listen to them [i.e.: managers], but we wouldn't. We'd just give our point of view, which was the right point of view, and then we'd say our point, and... turn*

*management's view around to suit our members. We had the District Secretary in every week*" (then shop steward). Another shop steward recalled: *"If management wanted any type of change, the answer was 'No'."* The union's tactics were *"rejection, disinterest, asking 'why?'"* Managers felt that the unions effectively ran the plant, vetoing movement of members among the machines, etc. The shop stewards readily conceded the point: *"We did run the plant, to a certain extent. We were too strong... and because of our customers, whatever we said went"* (then shop steward). Viewed in retrospect as the national mood of the time, but *"especially in south Wales"* (then shop steward), in the familiar parlance *"a 'them-and-us' attitude"* prevailed between managers and employees (manager; also an operative). *"Trust was never, never there"* (then shop steward). In its place was an all-pervasive assumption that each party was *"out to screw the other"* (then convenor). This was exacerbated by the high turnover of managers, who developed a reputation in the locality as 'hirers and firers' before moving on (manager). When it came to the annual pay bargaining union tactics were simple: *"We were not interested in the profit and loss figures of the company. We demanded 25%, knowing they couldn't afford anything like that much... and then we played the 'percentage games', and had a head-banging competition for about 5-6 weeks"* (then shop steward). While there were few strikes the threat of industrial action and use of overtime bans were both used regularly, and the workforce engaged in secondary action for the 1974 miners' strike. (Interestingly, however, most of the long-serving operatives interviewed for this case study did not recall such industrial relations mayhem in the early years, some even considering the union to have been moderate. The implications of this will be discussed in the 'Analysis' section on partnership.)

In spite of the apparently poor conduct of industrial relations, the plant flourished throughout the early 1970s. Its 1,700 employees were operating at close to maximum capacity, serving huge customers in a buoyant product market.

### **Events leading to 'partnership' (crisis 1).**

There is no doubt among respondents that the partnership at EngineParts was born amid crisis: *"The need to fight for the future of the business was the start of the partnership"*, confirmed a present plant manager. A 'sister' plant in Letchworth had closed in 1980, and the Welsh site was now EngineParts's last remaining European



plant making its particular product. But when the anticipated penetration into European markets – EngineParts’ *raison-d’etre* in the eyes of HQ – failed to materialise, a new MD was despatched with a remit to introduce productivity improvements, or oversee the plant’s closure over three years.

The orders dried up, and the redundancy packages were agreed. The plant went into ‘closure mode’. But, according to a conference presentation in 1997, it was the 536 remaining employees who demanded that something be done to save the plant. This ‘crossroads’ initiated a first tentative break with the old adversarial relations in favour of a burgeoning collaboration: it prompted “*unprecedented co-operation*” (manager).

For key players on both sides, steeped in the traditions of adversarial industrial relations, this was very difficult. A catalyst for the new style of working, according to the then convenor, was the new MD’s insistence that he brief the workforce directly on the situation. His candid presentations explained to staff for the first time the state of the business. He set out the implications for the workforce of continuing as they were, and the prospects for the future if they prepared to permit dramatic changes to working practices. Initially, the union - long accustomed to secrecy - viewed this unilateral disclosure of sensitive information on the part of the management team with suspicion, and accordingly the convenor “*tip-toed*” into the more collaborative working relationship, “*testing management’s words against their actions*”. But the new MD “*demonstrated the strength of his convictions*” (then convenor). He “*generated... and demonstrated trust. We went from apportioning blame to face-to-face resolution*” (then shop steward). This included seeking out the unions’ opinions and arranging for joint benchmarking visits to research best practice elsewhere.

The relatively simple move of sharing information, being open and honest and calling, for the first time, for greater employee/ union input into the firm’s future plans demonstrated to the union representatives, and all but a few sceptical ‘militants’ (or “*dinosaurs*”- then shop steward) that a trust-based engagement with the new managers was both feasible, and could even prove desirable. According to the joint conference presentation in 1997: “*The ‘them-and-us’ scenario and other*

*strict working practices quickly disappeared... It was time for the barriers to come down. Management, the union and employees had to work together if the plant was to survive. The crisis gave us: a common vision - we are going to survive; a common aim - to keep the plant open, and what needed to be done - working together".*

### **‘Project Phoenix 536’; survival.**

The jointly agreed plant-saving ‘Project Phoenix 536’ - so named after the number of remaining employees - demanded from the remaining employees *“technical ability, flexibility and trust-based industrial relations”* (then convenor). The last objective was supported by a six-year pay deal in 1985, described as *“astonishing”* in Bassett’s ‘Strike Free’ (Bassett, 1986: pp98-99). The deal was split into two parts, with set salary increases for the first three years, and a commitment to negotiable further increases in the second period subject to performance. Another objective – to *“write ‘redundancy’ out of the company’s language”* (then MD, in a conference presentation) – was dropped, as events were likely to place it under intolerable strain. While under the obvious *“duress”* of potential plant closure, the deal stabilised pay issues, and thence, to a large extent, the plant’s industrial relations problems for the foreseeable future, and secured a wary commitment to the necessary changes in working practices. The plant’s then Personnel manager commented at the time, *“We’re trying to get away from the concept of competition between management and employees, and replace it with competition between ourselves and our competitors”* (Bassett, *ibid*).

An independent audit set out to learn whether the plant could be run more productively with fewer employees. The findings revealed that employees were prepared to welcome many of the proposed flexible work practices, but they felt stifled by excessive performance monitoring from the foremen. The plant’s problem, in short, was a poor management style (manager). The audit’s proposals for encouraging more autonomy for the production workers meant stripping away a layer of supervision: the foremen had to go. This caused considerable anguish among the union representatives: *“Our honesty led to fellow trade unionists losing their jobs”* (then shop steward). The company invited the union to debate how best to implement these plans, and the plant underwent a restructuring in 1988, phasing out the ‘foreman’ grade (some were redeployed; most left) and collapsing a number

of production-based jobs into one 'operator' position. The levels of hierarchy fell from seven layers to the three that still exist today (four senior managers at the 'Strategic' apex; eight plant supervisors/ group leaders in the 'Tactical' group, and the 'Operatives' organised into teams).

Responsibility for quality inspections and workstation cleanliness now lay with the operators. Quality circles were introduced too. However, the production workers could not get to grips with the new foreman-less team working. Most had already served the company for around 15 years, and although many had resented the foreman's orders, they had nevertheless become used to being told what to do. Under team working, confusion reigned: with no foremen, who was managing, and who was obeying? Were team leaders 'management'? If so, did this mean they had to leave the union? The team system unleashed near-anarchy: *"We had 10 people bossing each other about instead of one!"* (then shop steward). It took the next ten years to resolve satisfactorily (see below). The then convenor felt that the sheer quantity of process improvements - *"largely management-driven"* - began to affect the quality of the outcomes: *"The changes were far too dramatic, with large numbers of shopfloor people being more involved in discussion groups than in producing parts... Some thoroughly enjoyed the new environment, while others despised it"*.

Two cross-functional groups – both initiated by the union – were charged with generating a more co-ordinated set of process improvements. These too achieved only partial success, generating plenty of learning points about the process, but rather fewer productive business outcomes. Learning points reported to an IBC conference in 1994 included: *"Excessive discussion at management/ rep level almost to the exclusion of employees; the belief that TU status is being eroded by bypassing TU reps, particularly as information flow becomes more direct and employees are more involved with operational issues, and the most frequent and recurring IR problem we face is in equating the need for rapid decisions with the need for maximum involvement"*. However, according to one manager, the joint consultation did at least help strengthen the emerging trust. But, admitted the then convenor, the trust had not reached a level of sophistication and 'mutuality' capable of securing consistent and credible 'joint wins'.

Despite the difficulties, and modest triumphs, the increases in productivity allowed the US parent to bestow upon EngineParts greater levels of autonomy and decision-making authority. The improvements helped to win new contracts to convert the plant into one capable of manufacturing different products. It was widely expected that this would secure the factory's long-term viability.

### **Events leading to 'partnership' (crisis 2).**

When in the early 1990s two business alliances forged with Saab and Volkswagen failed, the order book dried up again. This time the managers began consulting with the AEEU on how best to respond 3-5 months prior to the final decision's deadline. A manager explained: "*We told [the union and the workforce] what was happening, why we were struggling, and what we would have to do*". Joint analysis over the consequences to the business took place in the main consultative forum existing at the time, as well as in a set of cross-functional working parties. It was accepted that closure could be averted, but only if the headcount was reduced to around 180 from over 400. The job losses presented a major challenge to the emerging 'partnership', since although the union, and much of the workforce, understood that redundancies had to happen, the union flatly objected on principle to any alternative selection criteria than 'LIFO' (last-in-first-out). The problem was that, were EngineParts to apply 'LIFO', the plant would lose 18 or so of the firm's most technically able, and essential, employees.

In emotionally-charged meetings, the MD presented what was accepted, eventually, as incontrovertible proof that EngineParts could not continue to produce goods without a qualified version of 'LIFO'. Reluctantly, the union representatives agreed to support the management's argument. But they had to persuade their members first.

The 'aggregate' [all-member] meeting is the decision-making forum for the AEEU at EngineParts. All union members are entitled to attend; the handful of non-union members may attend, but may not vote. The aggregate meeting to discuss the 1993 redundancies, and the changes to 'LIFO', had everyone present. It was "*the most hostile I have ever known here*", recalled a prominent shop steward at the time,

whose position was made worse by the fact that he was one of *"the blue-eyed boys"*: the 'chosen 18'.<sup>39</sup> *"The members threatened to vote all of the reps out: 'How can you be so gullible?' [they asked]. 'You're a traitor to your union'... 'You've sold us down the river'..."* There were calls for strike action. But the union's full-time official, and the shop stewards, *"proved"* that serving certain industry customers with product *"could not continue"* without the 18 employees, *"and that getting rid of 'LIFO' was not to create a monster for the company to treat us as they want"* (then shop steward). The convenor and the shop stewards explained that *"we, as a union, believed in [management's] honesty and in the team working proposals... to keep the site open...[but that] we [the union reps] were not going to endorse the deal; the meeting was"*. In the end the meeting voted by something like 4-1 (then shop steward) to lose the cherished 'LIFO' seniority principle to save the plant.

It is clear that the experience was immensely difficult for all concerned, especially so for the union representatives caught between the wishes of their enraged membership and the evident consequences for the plant of sticking to a no longer appropriate, and potentially catastrophic, principle. (One suspected a desire among the managers to *"teach the old guard a lesson"*, but this hint of a strategic intent was not shared by anyone else.) The selective identification of redundancy candidates based on essential skill levels upset many, even with an in-built appeals system: *"not as honest as it could have been"* (ex-convenor). The company did its best for those leaving, providing mock interview practice, CV preparation sessions, and a 'job shop': they *"took a lot of care"* (non-production group leader). For their part the managers resent the inference, and outright accusations from some quarters, that they enjoyed getting rid of people: *"I know these people too...how dare you?"* protested one.

The changes *"generated an air of survival"*, a *"sense of comradeship"* (shop steward). For that year's pay round tensions were, not surprisingly, running high. The union was expecting nothing to be offered. But the MD wished to placate the workforce, and to help instil a sense that the management wished sincerely to restore the damaged trust. He offered an above-inflation pay rise and acceded to a number

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<sup>39</sup> By way of an indication of the atmosphere around the plant at the time, the shop steward said that he was spat at, and at one stage had to call the police to deal with threatening phone calls to his home.

of union-proposed fringe benefits and added, with the certain knowledge of sufficient orders for two years, an enshrined guarantee of no redundancies for the two-year period.<sup>40</sup>

The 1993 deal afforded EngineParts another relatively long period of *“harmony and a lack of strife”* (ex-convenor). In the hiatus management approached the AEEU with the suggestion that both parties should seek to codify formally the new joint problem-solving arrangements. The AEEU readily agreed: there had been a shift in attitudes among the union representatives in favour of joint problem solving (then shop steward), and for the union to assist managers in carrying out a plan if it had been discussed openly and fairly.

In 1994 talks began, and took 18 months, in part because of ongoing problems with managing the team working. Models and theories of partnership were discussed at length. When asked how the talks went, it seems that time, and the long slog over several months toward agreement, have rather clouded memories. No respondent could cite either a decisive breakthrough in negotiations, or any particularly fraught sticking points: *“We just talked and talked and talked about a partnership until we got it right”*, offered one manager. *“There were no impositions. We put the deal together, together”* (another manager). The first issue of a document that was initially called the ‘10-point plan’, but which became known as ‘The [EngineParts] Way’, was produced jointly in April 1997. At a special aggregate meeting the text was endorsed, without fuss it seems, by a majority show of hands; it did not merit a ballot.

### **Partnership at EngineParts – ‘The [EngineParts] Way’.**

This text is the company’s partnership agreement. It has the status of a collective agreement, so to rescind its terms would require the formal annulment of the deal, by one or other of the parties. (The option to withdraw is enshrined should either signatory party judge that, *“despite discussions”, the “partnership-based plan will not work”*.) In this section the text is reviewed, followed by an assessment of the accompanying policies and practices as they currently operate.

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<sup>40</sup> This action incurred the – purely ideological - wrath of the parent company: “We were told ‘don’t ever do that again’” (manager). The offer even led to accusations from HQ of “communism”.

‘The [EngineParts] Way’ acts as the embodiment of the plant’s ‘Common Mission’ statement, which commits all those working for the firm to *“customer delight through continuous improvement”*. The statement aspires to create an environment of *“honesty, trust, and consistency of purpose”*. The text has been amended and upgraded over the years to what is now a lengthy document, over 50 pages, and it remains a *“live document”*, its terms subject to regular reviews by a dedicated team. The last amended issue came out in February 1999, although it was converted into a staff handbook in 2001.

The document articulates in the first paragraph a joint commitment to the success of the enterprise, linking the pursuit of good industrial relations and business objectives:

*“The Management, Trade Union and Employee Representatives have agreed with the purpose of this agreement, which is to meet the needs of the customers and to achieve long term success for both the Company and its employees”.*

The opening section sets out the philosophy behind the agreement, and the manner in which it is to be realised:

*“The Company is committed to progressive employee relations; and all parties will demonstrate their commitment to the achievement of the Company’s objectives through their adaptability and co-operation, and will facilitate the efficient and productive use of new and advanced technology, flexible attitudes and working practices. The nature of this [EngineParts] Way’ is dependent for its success on the active participation and co-operation of all concerned, in line with the desire by all parties to work in a ‘partnership’”.*

An observation on the incremental process of partnership then follows: *“It is understood that it will require some time for confidence in the method of operation to grow, and the parties commit to fully discuss any difficulties with a view to resolving such problems as may arise”.*

Each of the sections detailing company policy for different aspects of employment opens with a statement of *“general principle”*, to guide the implementation of the policies that follow. Appendices provide the concrete detail of company policies. Taking each of the ‘partnership’ components, ‘The [EngineParts] Way’ addresses each:

### **Employee voice: joint consultation and information sharing.**

The text formally confirms the single-union recognition/ partnership agreement with the AEEU trade union, subject to their membership exceeding 35%. (It stands at 98%.) It reads:

*“The Company will support the involvement of the Trade Union in the partnership forum, in working with the company to ensure harmonious working relationships, and an effective competitive organisation”.*

EngineParts commits support and facilities and resources to the AEEU, including ‘check-off’.

Joint consultation is articulated as a general principle:

*“It is recognised that there needs to exist a single forum in which all parties can discuss, consult and communicate with that sense of collective identity; that all parties should be represented at that forum; and that all parties should communicate the proceedings in a consistent form”.*

In the first instance it was envisaged that the joint forum, meeting for strategic deliberations on matters of plant-wide policy, would *“be approached on a discussion and consultation basis...”* However, the eventual aim was *“to equally share the decision-making, planning, and communication process throughout all sections of the workforce”*. Again, the text acknowledges the need for relationships and processes to mature over time:

*“As confidence and maturity in the process grows it is envisaged that the system will develop into a genuine partnership which will allow for mutual and collective responsibility to be taken for all forum decisions”.*

Employees, primarily through the union channel, are involved in planning and administering the business. Union representatives attend senior management meetings where they are party to business plans, and have considerable input into putting the plans and budgets together. The now full-time convenor meets with the managers on a monthly basis to discuss workplace matters: *“I’m part of the team that takes the decisions here”* (convenor). Regular informal contact takes place on a daily basis. The forum established under ‘The [EngineParts] Way’ exists on an ad hoc basis, as and when required, for what one manager called *“corrective action”*. The forum comprises the HR department, the two plant managers, and the works committee (the convenor and his six shop stewards).



As well as the partnership forum, EngineParts creates and disbands cross-functional teams for specific initiatives, or to address particular problems. These have included securing 'Investors in People'; 'kaizen' and quality; a system of 'staggering' staff holidays and the plant's environmental audit. Due to the firm's uncomfortable business circumstances, *"the 'what' is going to be implemented is rather autocratic now, but the 'how' is up to the team"* (group leader). In addition, a further 24 'process teams' are charged with continuous improvement, to *"challenge the status quo and improve the processes"*, in 'time to market', production, and supply chain management.

According to the plant managers, and the union, *"there are no secrets here. We operate on total openness... no hidden agendas. We tell them everything we know"*. There is an 'open book' policy wherein information on costs, sales, and profits is all made readily available to all staff, *"warts and all"*. All employees, especially the union representatives, are entitled to view the financial records, including long-range plan forecasts and 'activity costings' (the cost and benefits of each production section). The union, if it chose to, may send the plant's financial books to their own officials for scrutiny (*"to check we're not having the wool pulled over our eyes"* – they have never felt the need). At the time of the first set of interviews, the wages clerk was also a shop steward. Performance at company, departmental and team level, including financial outcomes, are reviewed regularly in weekly and monthly briefing sessions led by the group leaders. Any unanswered questions from the shopfloor are sent to the forum for an official response. Much of the information is also posted up on notice boards. At least twice a year the two plant managers address the entire workforce on the state of the business; ad hoc addresses can take place at other times. At other times the two engage in regular 'walkabouts' (although one operative felt that they tend to speak to the same people each time). Finally, the union's aggregate meetings are allowed on 'company time'.

### **Employment security for flexibility.**

The agreement makes explicit the joint determination to provide secure work at EngineParts:

*"The Company and the employee representatives recognise that a high labour turnover rate does not serve the best interests of the Company or its*

*workforce. Therefore the Company is committed to seeking ways to actively retain employees”.*

The agreement records the mutual exchange of jointly designed employment security policies for the introduction of a raft of flexible working practices, including an end to demarcations, multi-skilling and team working. It describes the reciprocal commitments to team working and flexibility (with conditions attached to moving people within the organisation).<sup>41</sup>

However, it is widely understood and accepted that the commitment to employment security does not amount to a job-for-life, or even the broader guarantee of employment-for-life. Neither is realistic. After HQ's criticism of 1994's no-compulsory redundancy promise *“the reps understand that we can't write it into any agreement now”* (manager). 'The [EngineParts] Way' instead details jointly agreed and jointly managed procedures in the event of redundancy. Volunteers are always sought first, then any temporary employees. After that, protocols allocate points to each employee based on length of service, attendance/ absenteeism and discipline. An element of 'LIFO' has been returned, since if two candidates' points totals are equal, length of tenure decides. The selection process is conducted jointly with the union. There is an appeals procedure, again involving the union if necessary. The process is considered by most respondents to be the *“fairest system possible”*. Implementation may not always be diligent enough, with some operatives hinting that group leaders are slow to issue warnings, or keep track of them. There are two classes of employees when it comes to redundancy pay-offs, with those hired before 1991 enjoying much more lucrative terms than those hired after. Outside the agreed redundancy programmes employee turnover is negligible at 0.5%.

The magnitude of the site's collective agreement in the event of closure (with considerable liabilities sunk into the redundancy terms of the longer-serving employees) is such that closure is an expensive decision for Chicago. (One employee mentioned a pay-off sum of around £6-8,000, which one can infer is a

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<sup>41</sup> Elsewhere, the text sets out jointly agreed start and finish times for meal breaks and shift patterns, and the recruitment policies (including various job profiles, and the protocols for the use, should it be required, of temporary labour).

handsome sum for south Wales; the convenor intimated that it would cost Chicago £30m overall.)

### **Sharing the success.**

A clause enshrines the principle that all employees, apart from the two plant managers, should receive the same incremental pay increase at the same time, based upon the plant performance.

Pay continues to be subject to collective bargaining with the AEEU. Once a protracted and debilitating process, it *“now takes half an hour and fits into our teamwork philosophy”* (conference presentation, 1997 - an assertion supported in interview by the key players, with 2001’s deal taking three short meetings). The comparison between the union’s current and prior tactics is stark: *“We used to present a shopping list of demands, about double what we could expect, and then fought as management tried to beat us down. We didn’t know the financial figures, and didn’t ask for them”* (shop steward). Since the partnership, pay bargaining strategy has become, in the same rep’s words, *“more realistic, more reasonable. We consider ‘what can we justify?’ It’s easier”*. The convenor explained that, *“if the company says they can only afford 3% we know it’s right”*.

In 1999 the 5% rise was considered *“an excellent deal for the members”* by the convenor. 2000, with commercial circumstances having turned against the plant, saw 3% matching inflation, plus changes to bonuses and plant-level incentives for improved performance. One of the plant managers, formerly HR, considers it his *“responsibility to improve the employees’ benefits year on year, to make every attempt to do so”*. The works convenor considers the company’s terms and conditions to be *“second to none... the best in the area”*. This view was widely held among the non-managers interviewed, all of whom affirmed that EngineParts was a *“good company to work for”*, offering *“good terms and conditions”*, and generally being a *“people-oriented company”* (various). The company’s single-status staff terms and conditions apply to everyone.

Another part of its employee reward policies is the company’s staff suggestion scheme. Any suggestion enacted upon puts £5 into a ‘pot’, then the resultant savings

attributed to the suggestion is shared: 35% to the pot, and 65% to the company (since some monies may have to be spent implementing the suggestion). Thus, the scheme is self-financing. The initial split had been 25%-75%, but three years ago, as part of a pay deal, the plant management offered the union the more favourable split, to which the union said "*great*", and the negotiation "*took less than a minute*" (plant manager and convenor).<sup>42</sup> The 'pot' is distributed evenly around the workforce twice a year, regardless of individuals' record on making suggestions, on average paying £500 annually to each employee. (The two plant managers have their own bonus schemes, all based on financial performance, administered by the parent in Chicago. These were previously linked to plant performance, but have since been amended to reflect corporate performance worldwide.)

An attendance bonus was introduced to combat absenteeism running at levels of 25% following 1993's traumatic events. It works out at around £20 per month. Attendance – encouraged by the bonus – is around 98%.

EngineParts does not use profit-sharing or a profit-related bonus, or employee share ownership, as it is not considered "*focussed enough*" [on employee performance], and anyway is "*too complicated*" (manager). In 2001 there was talk of looking into share distribution. however.

Shortly after 'The [EngineParts] Way' enshrined joint collaboration into the collective agreements governing the plant, the problems over team working were resolved, at least formally. Complete devolution of authority had been a disaster in the mid-1980s. Nor did the system of 'detached' team facilitators prove successful, since the position resembled too closely the foremen of old (especially with a proposed extra £40 a week). The union and management examined possible solutions in a joint cross-functional working party: "*We sought ideas, and tried to let them [the production staff] make the decisions*", recalled a group leader in production. It was agreed to appoint leaders from within the team rather than have them supervise from without. In concert with the group leaders, each team leader now co-ordinates production on a line as well as conducting weekly and monthly briefings on performance. For the convenor the system is "*now hugely successful*,

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<sup>42</sup> It has since been increased again to a 50-50 split, according to the new employee handbook.

*the best thing to have happened at the company*". He, and many other respondents, attributed the change of outcome to the improved union-management relations following 'The [EngineParts] Way'. Engineers are rather less effusive, noting that the supposedly self-managing teams remain reluctant to solve their production problems without recourse to the group leader.<sup>43</sup>

### **The future? Sustainability.**

The cancellation of a promised order from Rover Group precipitated another potential closure crisis in 2000: *"We didn't know if we would be here or not next year"* (manager); *"we came so close"* to closing permanently (HR officer).

The union and management met regularly to refine the plant closure deal, and to agree additional incentives to keep the workforce meeting customers' orders when defeatism might have reigned: *"'win-win' solutions"* (manager).

But to keep the plant running EngineParts needed to lay off around 30 employees. The procedure was by now well established. Meetings to consider suggestions to safeguard jobs took place, often four a week, but no other option was feasible: *"The union could see that there was nothing that could be done. They were obliged to try to save jobs, but they knew it was not possible"* (HR officer). Two further sets of redundancies, some compulsory under the terms of 'The [EngineParts] Way', went through with anguish for those leaving, but otherwise uncomplicated. One operative said: *"It was all done properly [according to the agreement]. We didn't have enough work for people to do... we understood exactly"*. (The same operative did feel though that the announcement informing everyone at the same time in an aggregate meeting could have been prefaced with some private briefings for those teams affected.) An interesting consequence of this round of redundancies - in which some technically valuable people had to leave while others had, in the words of an HR officer, *"fortuitous"* absence patterns - is that EngineParts may look to revise the selection criteria, to accommodate 'specialist skills' as a factor, perhaps using NVQs as an objective measure.

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<sup>43</sup> *The impact on performance is not the subject of this thesis. However, for interest, internal rejects fell by 50% between 1997 and 1999, supply-chain rejects by 75%, warranty costs were reduced by 80%, and the number of accidents by a half.*

Could the AEEU have prevented job losses with a more aggressive reaction? Not according to the convenor, who identified his members' enemy not as EngineParts, but *"those taking our business away"* – echoing the Personnel Manager's aspirations from the 1983 crisis. *"There is no doubt in my mind that without the partnership this plant would have closed,"* he declared. A shop steward said: *"My job [as a shop steward] is to keep people in work, not get them out of work"*, the inference being that union defiance would have cost more members more jobs. Another shop steward reflected a widely held perception among the representatives that there is *"not much support for industrial action"*; the convenor declared that *"the traditional methods turn people off now"*. (See 'Analysis' below.)

The mood in summer 2001 was one of stoicism – *"here we go again"* – but also a determination, at least from the managers and union representatives, to *"prove to Chicago that we have the right attitudes"* [for success] (convenor). From other accounts this rather glosses over the cynicism of many who were less than keen to stay the fight. Some investigated with HR the viability of taking early retirement, but only to *"learn how much they're worth...the maggots came out"* (HR officer). Representative of those staying an engineer's comment was typical: *"the only thing keeping this plant going is the cost of closing it down"*.

On the brink of closure, a sizeable order came through from Hyundai that is good for the next five years, with volumes set to quadruple. *"We won"*, exclaimed one of the plant managers in an informal unrecorded conversation; 'they survived again' is surely more accurate, but it seems churlish to deny them their sensation of triumph. The plant managers and the union described the support from the workforce as, respectively, *"first class"*; *"nobody ever gave up, from the top to the bottom"*. Again, this rather glosses over the pessimism and cynicism on the shop floor.

Meeting the order is dependent upon EngineParts working to exacting 'lean production' methods in a short period of time. Intensive training at the nearby Ford plant has inducted staff into the way of lean production, and the union has consulted with its Ford colleagues. Respondents' appreciation of the new methods was tinged with apprehension, but also a determination to prevail. There may be repercussions

for the team working and devolved autonomy since, in the words of one manager, lean production is “*a process that drives the individual, not the other way round*”.

In late 2001 a Vice President of Operations, a former employee at the factory, was scheduled to arrive from Chicago to oversee the business.

The workforce is back to around 200, from 1994's low of 183, and extra recruitment may be possible in 2003 or 2004. The first people to be contacted will be those who took redundancy (HR officer).

The partnership, now 18 years old, is entering another new phase.

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### **Case study 2 – EngineParts. Analysis section: Partnership.**

In this section I first examine the extent to which the people management practices within EngineParts, coincide with the IPA partnership model. I then go on to discuss how the partnership developed, relating its progress to the model in Figure 4, and then I assess the nature of the partnership arrangements.

Table 8 indicates that the arrangements for employment relations at EngineParts amount to a strong example of a partnership organisation, although some of the practices are rather modest in scope:

***Table 8 – Partnership at EngineParts.***

<b>Partnership element</b>	<b>Present?</b>
Joint commitment to the success of the enterprise	☺
Recognition of the legitimate interests of each party	☺
Building trust-based relationships	☺
Increasing employee involvement	☺
Extensive information sharing	☺/?
Consultation with employees at workplace and organisational level	☺
Employment security provisions (in exchange for flexible work practices)	☺/?
Sharing the success of the enterprise	☺

**Principles.**

The testimonies of respondents make it apparent that the principles of partnership – to pursue a common objective of success through collaborative trust-building relations and employee involvement, while recognising different constituencies' separate and legitimate interests – are firmly embedded within EngineParts, and upheld by the key players.

One potential challenge to the existing order may be any change in direction enacted by the new MD, although this is not envisaged.

Also, it may have been an oversight, or it could be a revealing insight into the change in mood, but when in 2001 the partnership agreement was refashioned into an employee handbook only one of the 1997 principles was copied into the handbook: that recognising the AEEU in a section on good employee relations.

**Practices.**

Each of the partnership practices outlined in chapter one is readily discernible in EngineParts, although ambitions are compromised by the plant's vulnerability.

There is not an especially strong commitment to employment security (hence the '?'). This is a consequence of EngineParts' perennially precarious status. But the jointly designed and administered policy does manage carefully employees' expectations, and the protocols are as fair as is practicable, and they are recognised as such throughout the firm.

Options for sharing success are similarly modest, but according to the union convenor the terms and conditions are excellent, and the bonuses do provide extra money for relatively little effort; just turning up is sufficient in the case of the attendance bonus.

There is a clear willingness on the part of the managers to disseminate information about the business, and the range of practices to do so is extensive. The two plant managers insist categorically that they communicate everything they know, albeit in carefully prepared statements, and that when they don't know the answer they admit



as much. However, suspicion still remains widespread on the shop floor about how much they are prepared to divulge: *"they know more than they can tell"* and they withhold information so as not to jeopardise production (operative). But most conceded that the factory managers *"are as much in the dark as we are"*, and that the key decisions on the plant's future are taken in Chicago. Among the group leaders and managers, there came a sense that the operatives were not being told what they *"want to hear"*, rather than any concerted effort to maintain ignorance or a deception (group leader). The cynicism was *"slowly being chipped away at"*, although one manager ruefully admitted, *"you can't persuade everyone, and it's wasted effort trying"*. It is a source of some frustration to the managers that on occasion they are not believed. I would suggest that the suspicions are almost certainly a by-product of the cycles of upheaval, and EngineParts' vulnerability, rather than scepticism toward the honour of the plant managers. Of course it is possible to argue that repeated dissemination of bad news acts as a control on employees' ambitions, but no union official at EngineParts suspected this to be managers' covert strategy.

Joint consultation takes place at every level of the firm but, from anecdotal evidence, is much more advanced at the 'Strategic' level (between the union convenor and the managers) than among the operatives. Nevertheless, according to the union, employees at all levels *are* able to influence the firm's decision-making. Consultative arrangements are present, but are not being utilised to the full. It would seem that some among the operatives lack either the enthusiasm, the will or the ability to manage their own work confidently.

#### **Analysis: the nature of partnership at EngineParts.**

In a presentation to attendees on an IPA visit to the factory in 1999 the then MD expanded on the firm's rationale behind partnership:

*"Partnership will develop through open, honest and consistent participation (face-to-face, good news and bad). It maintains the involvement of people. Partnership creates know-how and understanding of business needs. It provides input and feedback from the "base" (from those who carry out and 'action' the business). Partnership minimises [note: it does not eliminate] conflicts, misunderstandings, suspicions of hidden agendas, false perceptions, and surprises. [It] will ultimately create and grow trust, and provide a basis for real co-operation".*

This analysis clearly moves the focus of industrial relations away from structures and agendas toward generating appropriately collaborative attitudes and behaviours. One present plant manager echoed this view; for him 'The [EngineParts] Way' was intended to concentrate minds more on "*the way of discussing* [employee relations], *not the detail...*" and, for one manager, it "*has built up the behavioural practices and the way this company thinks*" (manager). An ex-union official noted the switch as one from a "*prescriptive*" agreement toward a more "*conceptual*" agreement, revolving especially around the notion of trust.

In fact, the bulk of the text is taken up with detailed outlines of 'substantive' matters, such as shift premia and employment policies, and certainly the translation into the employee handbook downplays the 'procedural' principles. However, this comment is illustrative of the emphasis given to attitudes and behaviours, rather than the content of the bargaining exchange, which merited little analysis from any of the key players. In one of the several conference presentations that the company has been invited to make, EngineParts has explained the shift in the approach to industrial relations thus: "*The traditional 'wasteful' negotiation has been driven away from our organisation and replaced by jointly agreed goals and objectives*". They listed the required partnership attributes: "*To be more open; Honesty; More consistent; To listen more; More involvement of employees and union in planning the business; Not talk... but action; Tell the truth*". A determination to maintain the joint problem solving approach, and importantly, to work to secure mutual gains from any change programmes has kept the process intact.

The partnership agreement in 1997 – itself the culmination of a process that began much earlier in 1983 - has been one of the decisive business strategies that has kept the plant operating: "*Partnership has kept this plant open for seven years*" (convenor). The sensible text set out realistic joint aspirations, and imposed parameters around behaviours beyond which nobody would be tolerated to venture. Attention to attitudinal and behavioural compliance has extended to the design of HR policies. Both the suggestion scheme and the attendance bonus were constructed, and are administered, to "*reward the behaviours we want*" (manager). The attendance bonus, for example, "*creates a culture of coming in to work, even in uncertain times*", which both the managers and the union want.

These strictures have caused resentments within both the union and managers (see below), but productivity improvements, and the survival of the plant, vindicate the approach for many. Indeed, the enduring achievement of the partnership/ joint problem solving has been its adaptability to change, and resilience in the face of such challenging circumstances. Consistency in the personnel since the mid-1980s has helped: the two plant managers have been at the plant for over 15 years, and the union's succession process for its convenor has maintained consistency of purpose since 1983's crisis. Three of the four plant convenors are still employed at the site, and the present convenor has been working there for 24 years. Most other managers, many long-serving, subscribe to the partnership ethos. But, as elsewhere, there remain pockets of discontent and antagonism among managerial grades who consider the joint consultation approach as an imposition. However, senior managers and HR are confident that the joint and cross-functional consultative structures are set in stone, and can even be imposed on the "*mavericks*".

What is also worth noting is that the partnership managed to transcend a powerful and entrenched local culture of adversarialism and a still enduring consciousness of work-based conflict. (One operative explained that suspicions of management *are "a matter of instinct for anyone working for someone else"*, and was instilled in one's upbringing. However, one manager also suggested that the gregarious Welsh mix together well, and stick together too.)

On the delicate balance of interests needed for EngineParts' joint problem solving to work effectively, a manager presented the challenge thus:

*"We do not have, nor do we want, autocracy, and rarely can we afford the luxury of total democracy. Our challenge then... is to define the workable levels of involvement and participation, not in clichés, but in real terms, measurable, and clearly understandable, so that all of us know what it really is. We will then have a basis to measure our improvement, and it will clarify a common aim which we are searching for (e.g.:) openness, shared views, decision-making at the lowest levels. Having done that, more than anything, it will enable us to build on our successes, thus achieving our single most important common aim, a successful [EngineParts], in which we all enjoy ourselves and prosper"* (conference presentation).

A manager denied that this meant "*we all have to think the same way on how things are done. But it does mean that we all have to have the same working beliefs and at*

*least agree on what needs to be done*". A current manager felt that it was important to raise the knowledge and competencies of the union representatives.

Staff members, when they offered an opinion, were weakly sceptical, agnostic or – at best - lukewarm in their support for the partnership. None objected outright, although it is known that there are dissenters. In phlegmatic fashion many had failed to notice a discernible difference between working life in the adversarial 1970s and under 'partnership', since the conduct of the firm's industrial relations had so seldom registered on their own job. An operative, asked to reflect on partnership, had read 'The [EngineParts] Way' and had no problem with it; beyond that *"I can't really say"*. Another refuted EngineParts' claim to partnership status, arguing that if it were a real partnership the managers would be open and truthful all the time; something, of course, that the managers and the AEEU insist they *are* being.

The union's officials are subject to considerably more antagonism from the shop floor than are EngineParts' managers. When members commented on the union, a pattern emerged in the responses: quick to express disappointment, even contempt, for their present representatives, none indicated a groundswell of energy for ousting them, or demanding forcefully more militant policies. This comment was typical:

*"They [union officials] walk a thin line between the managers and the workers... They run with the hares and the hounds. But they have to, given the situation they're in. They have to retain respect from the managers, but they get hounded from inside the union"* (operative).

Another dismissed the union as *"ineffective... not popular"*. One was more positive, describing the union and management as *"hand in glove... they work together by consensus"*, compromising each other for mutual benefit. *"Many of the better company policies are supported by the union"*, he added, citing absenteeism procedures. Many argued that the older generation were more critical than the younger recruits, but in the interviews age did not correlate at all; young operatives expressed enthusiasm for more aggressive union campaigns, while some older operatives were content with their lot.

Members voiced concerns over the quality of union democracy: *"Demands are put to the managers before the members. We get no requests for information, or feedback, and no reports on progress"* (operative). Another had the impression that

the union often failed even to pass on members' demands, let alone argue for them: *"Everyone wants more, but the union officials just tell us, 'like it or lump it'... We get presented with the first offer, [and the choice is] yes or no"* (operative). Another felt that, while the union representatives did argue on behalf of the members, they could put up a better argument, and not *"back down"* quite so readily. This operative put the union's weakness down to *"the quality of the questions"* asked, and a refusal to call for external AEEU support, as this might imply a self-assigned perception of ineffectiveness. This perception led a number of members to accuse their representatives of being *"more 'management'"* [than union] and even *"there for a free ride"*. But another, who confessed herself reluctant to criticise anyone, felt that the union was *"committed to getting the best deal for us"*.

A petition for an external representative to be present at 1999's negotiations over redundancy terms was rejected, as was a request for an emergency meeting to discuss the union's response, and a more general 'digestion period' to assess the management team's offer. One union member had his suggestion for an operative to sit in on union-management meetings as an observer *"laughed at"*. The members have, however, secured the posting of minutes up on notice boards.

Responding to the accusation that the union has *"got into bed"* with managers [i.e.: been co-opted by management] EngineParts' union officials and shop stewards were candid: *"I can understand the concerns. So you have to be clear on why we're doing it [a new policy or initiative, or agreement] and be open as a representative. But you have to be careful about building up too much expectations"* (admin-based shop steward). That said, resisting management edict and ignoring business realities is *"very difficult"*, and few members seemed to have the will to engage in industrial action. Another former senior representative hypothesised about the options available: *"You have two choices as options for influencing the [workplace] agenda: one that is trust-led and one that is distrust-led"* - the clear preference, from a person whose nickname used to parade his communist credentials, being for the former, but only as long as it is reciprocated by management.

The convenor is rather more forthright. He is passionate about the virtues of partnership, as he sees them, and about the advantages of the strong bonds of trust

that have been forged at EngineParts. He expanded on his tactics: *"We have had a shift in attitude as union reps. The aim is to get everyone treated the same. It is not to create a monster for the company to deal with"*. He repeated the mantra: *"We need to fight our rivals; they're the enemy, not our managers"*. Describing the joint problem solving, a shop steward considered the industrial relations to have *"matured to such an extent that problems are dealt with informally, day-today on a one-to-one basis"*, while in the forum *"instead of two mind-sets we now have 12 opinions"*. The convenor did hint at the problem of 'fait accompli' decisions: *"Most of the time we reach the right decision after an exchange of views, and if you've seen the figures and you've got all the facts you have to support management if they are correct"*. His stance has emerged from the history of relations at the plant, however; the two previous convenors also believed union participation in decision-making to be *"a good thing"*.

The uncertainty from operating in a very precarious product market has constrained the union, of course, but equally there is little effective support for militancy: *"I ask [the complaining members] for an alternative, because it's easy to say 'No'... Some just want to have a moan... [and] some will never trust managers while there's a hole in their backside"* (convenor). On the prospect of a return to what he himself called '1970s-style' tactics, the convenor explained that the members did not want the union to pursue that, as the foremen would return; a poor argument, since the plant is not in a position to hire anyone, let alone reintroduce a long-abandoned additional layer of management. He also claimed that he would be dismissed from his union position for engaging in those tactics.

Intriguingly, while he described the 'pendulum' of influence at the plant being presently *"in the middle"* [i.e.: falling between union and management], a number of comments – such as his assertion that *"the managers only manage with the union's co-operation"* and his hope that should the factory improve its market share in Europe to the point where it became a major asset for the corporation, the workforce's bargaining muscle would be greatly enhanced and could yet facilitate more assertive unionism – revealed dormant enthusiasm for combative 'us-and-them' tactics, directed more at Chicago than at the local management team.

The managers and group leaders stay out of the union's internal politics, although they were able to offer some of their own insights. One group leader said that the convenor "*does not tolerate anti-partnership behaviours*", while a manager explained that the representatives "*don't want to go back and forth to the members like yo-yos; if they think a deal is fair, they want to see it through*".

The convenor's position is strong, and under no serious threat from within the membership. A shopfloor operative, in sentiments echoed by a shop steward, suggested that if everyone is being treated fairly and equally under partnership the few militants, with their half-hearted calls to arms, would remain marginalised. This seems to be the case, perhaps reinforcing the convenor's 'moaning' theory.

The partnership is intact and robust, if not universally lauded. It faces no serious foreseeable challenge. For the union's part, this would require a special vote at an aggregate meeting, and according to the present convenor, the AEEU's District Official would demand adherence. The company, as represented by the present plant managers, would never unilaterally withdraw.

Yet the plant remains under a near-constant threat: "*We're reactive because circumstances are out of our control*" (group leader). For the convenor, "*partnership won't close this plant down; company politics will*" – with Chicago HQ deciding which plants should receive investment (with a transparent preference for supporting American workforces). EngineParts' status as the corporation's only site in Europe has certainly helped its cause. But the union is under no illusions. Asked if HQ plays its plants off each other, the convenor replied, "*Of course they do! That's taken as read. But we accept that, and the obstacles thrown in our way...*" The impression is that the parent company is, currently at least, favourably disposed toward their Welsh plant (manager). Chicago appreciates EngineParts' impressive systems, and that it operates in a very different work culture. But the Americans remain highly sceptical about the value of unions, from scarring conflicts with the UAW union at home. The local managers' twin concerns - managing a productive factory and improving the living standards of the employees - have from time to time brought stinging rebukes. The Americans' emphasis on short-term [financial] planning systems and hitting targets – "*as long as you make them money*

*they don't care [what EngineParts in Wales does]" (manager); "there's no sentimentality involved, they only see dollar signs" (convenor) - mean that they show "little concern for building trust".*

The convenor referred to the workforce having been "*under duress for 34 years*". The Hyundai contract may have given them temporary respite, but the partnership has endured worse, and from this research I can predict with confidence that the existing personnel are committed to retaining the partnership ethos and practice into the future.

### **Analysis: progress toward partnership and trust.**

While memories differ among the union respondents the majority characterised the industrial relations in the early years as typical of the adversarial, low-trust approach of that time. The unions' aggression and obstinacy may have been exaggerated, but for the present convenor, then a shop steward, trust "*was never, never there*". Nor was there any concerted effort, from either party, to investigate the potential for conducting relations on a more collaborative basis.

The *first* 'entry into talks' (1a) in 1983 was forced upon the parties by the very real prospect of the plant closing down. Yet, even facing this mutual threat, the union's willingness to collaborate with the plant's managers was weak. As is often the case in the early stages of putative 'partnership' efforts, it was a series of candid presentations setting out in simple terms the realities of the situational context that served as the spur toward more co-operative relations, at least to overcome the crisis at hand. The MD's unrealistic talk of removing redundancy from the company's language was, wisely in the light of the literature on trust, played down, and dropped, since such unrealisable ambitions can be counter-productive, as unfulfilled expectations can damage trust and lead to cynicism, making it very hard to resuscitate trust again. Sharing information demonstrates a willingness to trust, and invites one to be trusted in return; from the evidence proffered at EngineParts it is simple and very effective.

The first 'deal' comprised the classic partnership exchange of employment security (over six years) with the introduction of a raft of flexible work practices, but with



suspensions still raw, and no other option available, the 1983 agreement – whether “*astonishing*” or not - was more of a calculative exchange than a ‘partnership’. From respondents’ accounts, in the crucial attitudinal terms, it did not constitute a positive mutual gains arrangement.

This evidence reinforces the point that an impressive deal on ‘substantive’ matters might not translate into a convincing partnership arrangement without discernible shifts in attitudes from all parties.

Importantly, both the managers and the union elected to persist with the joint problem solving/ trust-building approach when a more calculative reversion to adversarialism/ management diktat might have been a comfortable option. This provided modest, and in truth patchy, evidence of burgeoning partnership (2a). But it served to translate the calculative trust into trust based more on appreciation of the other party’s likely motives and actions (2b).

The information sharing and consultation also saw both parties through what might have proven a serious ‘defection’ in 1993’s redundancy/ ‘LIFO’ crisis. The unexpectedly favourable pay offer the following year may have been a move to pacify the furious ‘survivors’ – I was not able to interview the MD from that period – or, more positively, one can view it as a ‘demonstration of concern’ and a desire to provide evidence of the commitment to mutual gains (arrow ‘b’ to 2a). Both are valid hypotheses; in fact, both may have motivated the move.

It is clear that the actual ‘partnership’ agreement (1b) emerged from the parties’ ready energy and desire to formalise the existing joint problem solving. Thus, the pre-disposition to trust for the ‘entry into talks’ (1a) was already high. Here my narrative analysis falters rather, since none of the participants in the off-and-on three years of talks that produced ‘The [EngineParts] Way’ could venture a detailed account of their progress. None could recall any major conflicts, but all gave the impression of a steady and even unspectacular procession toward the final text, and its endorsement.

Four years on from 'The [EngineParts] Way' the plant has lost more staff, the redundancies now jointly managed almost by routine (suggesting, at least, progression to 2b, perhaps even to 3a). To the evident relief of many, the Hyundai project has restored some much-needed stability for at least the next five years.

A new MD is scheduled to arrive, who may or may not disturb the partnership; the union and the plant managers expressed a confidence that the partnership would remain intact. *"I'm not anticipating any changes"* (manager).

So, where would I place relations at EngineParts now? The respondents in the 'Analysis' section on trust will afford further insights.

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### **Case study 2 – EngineParts. Analysis section: Trust.**

I returned to EngineParts to interview seven respondents, selected by myself. I had already interviewed all of them for the narrative section, except the newly-appointed shop steward who accompanied the convenor. Each was shown the degrees of trust diagram set out in the Methodology chapter, and given enough time to read and digest the implications of each definition before offering their thoughts. (I turned the tape recorder off to prevent any anxiety that the long silence being recorded may have caused.)

In this section I discuss the respondents' appraisal of the degrees of trust present within the organisation, with their explanations and justifications for their analysis, including any evidence provided in support of their assertions. Where any were offered, I discuss the respondents' own definitions or commentary on the nature of trust at work, and also their thoughts on what might assist in the development of trust at work, and what might constrain or threaten it.

Their responses are captured in Table 9.

**Table 9 – EngineParts respondents on trust continuum.<sup>44</sup>**

	<b>BEFORE P'SHIP</b>	<b>AT P'SHIP</b>	<b>2001.</b>
<b>PLANT MANAGER (1)</b>	D-b/T to C-b/T	K-b/T	R-b/T; C-b/T to K-b/T
<b>PLANT MANAGER (2)</b>	D-b/T to C-b/T	[unspecified movement]	R-b/T
<b>HR OFFICER (1)</b>	-	R-b/T	K-b/T to C-b/T; D-b/T
<b>HR OFFICER (2)</b>		C-b/T to K-b/T	R-b/T to I-b/T
<b>AEEU CONVENOR (+ NEW SHOP STEWARD)</b>	D-b/ T	K-b/T; D-b/T	R-b/T; C-b/T to K-b/T
<b>GROUP LEADER</b>	C-b/T	K-b/T	K-b/T
<b>OPERATIVE</b>	[No reply]	[No reply]	[No reply]

The semi-colons separate respondents' comments on the nature of different relationships at work.

The first of the two plant managers considered that, prior to the first serious upheaval in 1983-84, relations flitted between deterrence-based trust and calculus-based trust. He argued that, since the US was "*pulling the strings... the behaviours were driven that way*". The six-year pay deal reflected the then MD's convictions on extending employee involvement and his habit of carrying out his promises. Positive trust began to emerge around this time, leading to the development of knowledge-based trust. For this manager the present relationships can be characterised as relational-based trust. Asked to consider again the demanding definition, he reiterated his assessment, although he admitted "*we don't have every item*" in the definition. He did record the presence of "*an emotional bond*" however: "*We're like a family...we don't always get on, but we've all got to get on together!*" he offered. When asked in the opening round of interviews what he felt contributed to trust the answer highlighted many of the key components, namely "*just telling the truth*", "*respect for each other and belief in each other*" and "*trying to come to a joint solution... it's to sit down and listen to each other's views. Trust comes from the way we are prepared to come to solutions, not to have dictates. Trust comes through the solutions*" [i.e.: consistent reciprocity, and integrative bargaining]. He charged managers with the responsibility for achieving consistency between the sincerely held beliefs captured in 'The [EngineParts] Way', and day-today actions: "*We have*

<sup>44</sup> **KEY:** D-b/ T = deterrence-based trust; C-b/T = calculus-based trust; K-b/T = knowledge-based trust; R-b/ T = relational-based trust; I-b/ T = identification-based trust.

*had to be consistent in our beliefs, with longer-term goals, and not float in and out [of partnership] like a 'flavour-of-the-month'. We are the prime leaders and our behaviour sets the role model".* He did concede that among the workforce a calculative weighing up of each situation endures, in part because of an imported habit of deterrence from the parent company, in part due to the ever-present threat of crisis. He guessed that the production staff might be less trusting than the key players, but that the quality of the trust was still strong: knowledge-based, in his estimation.

The other plant manager had said in the first round of interviews that *"without trust partnership is liquid, not solid"*. Trust, for him, had been built up because, firstly, the workforce shared with management common characteristics of nationality; a strong sense of 'Welshness' permeated many of his comments. He had attributed what trust might be present at the factory to the management pair understanding the business and knowing the workforce, even feeling part of them. He also cited being *"open and honest, and if you do that consistently... you know, we're all of us in the same boat, and I think that brings people together"*. He praised the employee representatives for working hard as well to build trust. Around the start of the 1990s, relations between the company and the workforce fell between deterrence-based and calculus-based trust, due to *"immaturity on both sides"*. Improvements began after the 1994 crisis, which he called *"the pits"*. There was a heightened need for each side to trust each other after that time. He cited the continuity of personnel, and the honesty policy, observing that *"as long as you're honest and straight with people [trust will emerge], but if you change to conceal information and not being as open you can pull [trust] back the other way"*. In 2001 he considered relations to be at relational-based trust, but he expressed some reservations over the possible approach of the new MD: *"If the new person is inconsistent trust can diminish very quickly"*.

A demoralised HR officer described relationships *"six years ago"* [i.e.: following the survival in 1994] as relational-based trust: *"The union leadership had respect for management and vice versa... There had been a genuine effort to see the other's side"*. For this officer the workforce knew that whatever the charismatic MD *"put up on the board was the truth"*. Following his departure – lamented by this respondent – the uncertainties of the business contributed to movement toward *"a*

*position of mistrust*", which she felt was reflected in the definition for knowledge-based trust. The workforce understood that everyone was *"trying on their behalf"*, but calculative suspicions and doubts still crept in. The fact that both plant managers were officially only 'caretaker' managers *"sent a message..."* In 2001 the trust, at least between the production workers and the corporation (implicitly including the local management), had evaporated into deterrence-based forms. What concern might have been displayed toward staff had been replaced with indifference and even aggression. A galley-ship analogy was used to describe relations: the workforce had the option to *"paddle, or you get cracked over the head with a whip... people don't care if you fall overboard"*. Meetings had become *"more confrontational, more heated... a totally different approach"*. (This wholly negative perspective was not shared by any other respondent, and may have been shaped by the recent downgrading of this individual's role.)

The second HR officer was much more upbeat. She cited the development of 'The [EngineParts] Way' as the point in time when trust relations shifted favourably from calculative wariness toward knowledge-based trust. Even after the recent upheavals the officer generally depicted dealings between the union and the company as being relational-based trust, with even identification-based trust emerging on some issues. Asked to justify this assessment, she pointed to the fact that the company is open and honest with the workforce, and that the employees know the financial situation of the firm and, with 2001's redundancies, the workforce *"knew the reasons why"*. She felt that the key players had become *"comfortable"* with each other, and *"built up a bond"* such that *"if you give them a confidence, you do not expect it to be broken"*. Trust comes from *"telling me the truth, not the words I want to hear"*. Her optimistic statement that identification-based trust had emerged on some issues was undermined by her later comments that, as an HR officer, *"you have to retain some information – as a manager you are the representative for the company, so you always keep something back"*. Reflecting further, she conceded that *"there's bound to be a conflict of interest between the employer and the employee"*. (Perhaps in the first instance she had wanted, for reasons of positive self-image, to assign some relations to the 'best' of the categories. That she retracted her earlier view quickly suggests that it was not a robustly held view. This small incident does indicate the strength, incidentally, of qualitative research methods.)

The AEEU convenor and one of his shop stewards reiterated that relations in the 1970s really were characterised by use of deterrence by both parties, with the union enjoying the “*strongest hand*”. Relationships improved among the key players after 1983, as the joint problem solving approach became the norm, producing a knowledge-based trust that helped sustain the process. The convenor explained that trust is “*based on judging others... you can say what you like, I’ll judge you on your actions*”. He felt that the key players had to mould themselves into a team built on trust before putting the notion of joint working/ trust-based relations to the shopfloor. There the tradition had always been to distrust management, and the unforeseen crisis in 1993 confirmed their suspicions. At the time the production “*boys*” [sic] perceived trust as “*dumping 200 [work colleagues] out the door... ‘Your trust and team working has caused 20 lads to go that shouldn’t have gone’*” [they said] (convenor). Both managers and the union tried to level causality not at the trust developing between them, but at the loss of the Saab order, but this did not seem to convince. Since 1994, when in the words of the convenor the AEEU at EngineParts was rather like “*a freemasonry*” in its secrecy, the union representatives have tried to “*open it up*” to the members, but – on the evidence gathered here – with little success. Asked to describe relationships in 2001, the convenor pointed to relational-based trust, attributed to his having worked with the same men for over 20 years, and having seen the transition in attitudes and behaviours: “*They’ve come on 100%*”, he remarked. But on the shopfloor, some had come to trust the managers with confidence (characterised as knowledge-based), but for others – whom he judged to be “*dinosaurs*” – enduring suspicions were overwhelming, and they were probably more calculative in their trust of management.

The shop steward, for his part, argued that he observed knowledge-based trust within EngineParts, and that this was “*about the healthiest you can get... the ideal to aim for, because it doesn’t harm you to be wary, there’s nothing wrong with that*”. He explained his selection in somewhat calculative terminology, however: “*Trust is earned and lost based on your last action; ‘you’re only as good as the last game you played’ sort of thing*” [to use the football manager cliché]. This highlights the slippage between the two (calculative and knowledge bases for trust), and the

threshold between them (see chapter two). Later, he commented that in order to be trusted parties must *“practice what you preach – if you say you’re going to do something, do it. Be as good as your word. You’ve got to back up your own words”*. This is consistency and integrity. Both men declared firmly that in a workplace situation identification-based trust was unattainable: *“you’ll never never never get [there], because you always have at the back of your mind, ‘why does [management] want to do this?’ ‘Is there a hidden agenda?’ There is always a thin dividing line [presumably between manager and worker]. In order to represent our members identification-based trust is not possible”*. Even though he confessed readily that he personally would trust something that the managers said, including the new MD, he would check for veracity *“for the peace of mind of the members, not for my own. It’s what [the members] expect of me”*. During the course of the discussion we had talked about globalisation – the Genoa riots had happened the week before – and relations with Chicago are clearly strained. Both men said that deterrence-based trust prevailed in the minds of the local workforce toward Chicago: *“We’re just numbers to them... It doesn’t matter how well we do here, the decision lies with the Yanks, that’s the galling part”*. Asked to consider what might constitute a massive defection, or abuse of trust, both opted for a decision from Chicago to close the factory even if it is profitable. That they can envisage such a decision is indicative of the lack of trust.

One further insight from a former senior union representative highlighted one of the potential blind-spots of trust-based relations. The overriding commitment to secure an acceptable solution has sometimes meant that debate is stifled, with use of the word ‘negative’ to describe reservations or hostility toward a policy or strategy. Too ready a recourse to the word ‘negative’ could be corrosive of effective communication and joint decision-making, he felt.

The group leader, who was not involved in production, described relations in the early 1990s as calculus-based trust; it was *“certainly not”* as bad as deterrence-based trust. The *“jump”* toward knowledge-based trust happened around 1994, after the crisis and the formulation of ‘The [EngineParts] Way’, and the changes to structures and certain individuals in certain positions (which remained unidentified by the respondent). In 2001 relationships had maintained a knowledge-based

character, or *“getting towards it”*; they had not advanced as far as relational-based trust. Asked why, the group leader pointed to those employees who had once worked with 1,700 colleagues and were now working with just 200. They could *“never forget”* that. When the workforce composition changes, as new entrants arrive without the *“baggage of history”*, relational-based trust may then prove possible.

Finally, the operative was reluctant to offer an opinion: *“I wouldn’t like to point one out for my own opinion, or the factory’s”*. When pressed, she differentiated between people who *“don’t trust the company whatsoever”* – primarily among the older generation – and others who *“want to believe that the company is working in their best interest...”* The former will not trust managers because *“they’re not in control of the company, and they’re the worker, and [management] don’t really care about us, they just want to get the numbers out”*. She personally did not feel that she had a *“bond”* (cf. relational-based trust) with EngineParts, but she did feel that the managers would try and sort any problems affecting her. Trust levels had not changed in her seven years at the plant.

### **Conclusion.**

Much of the conclusion to the WhiskyCo case study can equally apply to this study. In both examples the testimonies of the key players indicate a long and positive history of close personal interactions that has led to a converging of minds and agendas, and provided clear evidence of each player’s integrity and consistency. As at WhiskyCo, EngineParts’ production operatives are much less enthusiastic about the partnership, but their criticisms also seem to lack the sufficient indignation to initiate a search for alternative courses of action. The partnership at EngineParts, again as at WhiskyCo, is heavily dependent on the goodwill secured, on a personal level, among the key players. That there has been a remarkable consistency in personnel has greatly aided the development of the relationships.

The catalyst for the improvement in relations was the greatly increased information sharing and willingness to engage in joint problem solving – consistency and integrity, and integrative bargaining – but since then the plant managers’ desire to reward the employees as well as run a profitable factory has helped generate a series of mutual gains that has demonstrated concern, and contributed to dampening



workforce militancy. If this joint 'mutual gains' approach were to be suspended, the consequences for such a long-standing partnership would be serious.

The partnership is unquestionably a local phenomenon: what was especially interesting in the second round of interviews was the capacity of the Welsh employees to appreciate the trust-based relations at their site, but to harbour deep-seated animosities toward the parent company. This invites the reflection that even the most enduring local partnership can be undone in a moment by events or decisions taken elsewhere in the globe with little or no regard for the quality of the local relations.

That EngineParts is still there in south Wales is, in part, testament to the partnership relations nurtured at the plant. The partnership has withstood a series of extraordinary assaults on its founding principles, and so the case study serves as a valuable example of partnership's adaptability, and endurance.

## **Chapter 6.**

### **Case study 3: SchoolWear. Narrative section.**

*I first met a representative from SchoolWear (the Managing Director) in April 2001 to secure access. The first week of interviews took place the following week. I returned once more, in July 2001, to conclude my follow-up interviews. The short gap was precipitated by my deadline to finish my PhD.*

#### **Background.**

SchoolWear was formed in 1988 as an entrepreneurial venture by its Managing Director with his school tutor and mentor. Both men invested £5,000 each in the idea of selling “*personalised sports gear to anyone who’d buy it*”. After experimenting in a number of markets the pair struck a mine of contracts with schools, and SchoolWear took off.

SchoolWear is a privately-owned enterprise encompassing three businesses: one division provides “*personalised school wear*” such as sweatshirts and satchels to over 3,000 UK schools (a sector in which it is the market leader); another does likewise for the health and leisure industries. A separate management training/consultancy arm, Beanstalk, seeks to “*promote [SchoolWear’s] philosophies and values*” as well as generating revenue. The entire operation is based on a single site on the outskirts of Sheffield.

The business process is uncomplicated: a national team of sales agents secure contracts with schools and organisations, and the orders are processed at SchoolWear’s headquarters. Designers create computer programs of the organisation’s logos and emblems. The finished program is then loaded onto disk and run on machines that either embroider or print the designs onto sweatshirts and satchels (sourced from external suppliers). The finished product is then packed, and despatched from the warehouse to the customer. As the majority of customers are schools, the work is highly seasonal, with the summer months prior to the new school year in September being intensely busy. To cope with the massively increased workload the firm uses a small pool of ‘casual’ staff.

#### **Events leading to ‘partnership’: the founder’s beliefs.**

One of the noteworthy aspects of the formulation of SchoolWear’s version of partnership is that it has evolved from the birth of the firm, rather than coming as a

consequence of any one critical incident, or from a realisation that relations at work were not as effective as perhaps they could be.

The MD's employee relations philosophy, then only beginning to coalesce into a coherent model, but since set out formally in the 'Community Company' document, was to create an enjoyable work environment for himself personally. (The Personnel Director borrowed Charles Handy's phrase of *"proper selfishness"* to describe his friend's intentions.) This meant creating a *"community"* at work based on shared interests, while fostering an ethic of individual 'self-actualisation' (cf. Maslow), or as the MD puts it, *"vesting power back into individuals to sort out their own destiny... to shape their own futures. [SchoolWear] employees have a genuine capacity to affect their livelihoods"*. This is a common ambition among the company's managers: *"[The MD] is genuinely motivated by a desire to want to see other people succeed. He gets a great deal of satisfaction from taking something, nurturing it, seeing it grow, and developing people... He knows it's good business to develop people"* (Personnel Director).

The founder's ideas took root early - *"with the first hire, [SchoolWear] became everyone's"* (MD) – but when his mentor died suddenly and his widow elected to sell all but 5% of her 40% stake in the company, this presented an opportunity to enact the emerging philosophy. The MD offered the shares to SchoolWear's staff.

Around 1994-95, six years into SchoolWear's life, it had become apparent that the spirit inside the firm was something of *"a rarity"*. The senior managers were keen to examine this culture that, based on the foundations of the half-formed principles articulated above, had been inadvertently and incrementally established. The two men sought to define its qualities, what it was built upon, but also what might have a negative impact on it, and what steps could be taken to address such threats. A weekend workshop for all staff produced the text of a company 'mission statement' that year.

The firm continued to reflect annually upon its culture, but swift business growth postponed a fuller appraisal until 1998, when it was decided to hold a new series of staff workshops, lasting a whole day. There had been the temptation to take a short-

cut, presenting staff with a pre-ordained model to comment upon. But for the managers, and many of the long-serving staff, *“the model is more potent and meaningful because it has come from the staff...[accordingly] the culture is more tangible and decipherable. More concrete”* (MD).

In small cross-functional teams, facilitated by a trained member of staff from the supervisor levels, the workforce asked themselves *“Why does the company exist?”* As part of this they debated the philosophical nature of democracy in society (viewed in retrospect as the *“weakest section”*, as it sent the discussions off in an unhelpful direction), and then democracy in the workplace, before moving to consider the practicalities of trying to establish a democratic work organisation within SchoolWear. From these discussions the teams generated overall themes that sought to encapsulate what seemed to be the company’s beliefs and values: *“Stuff like ‘listening to each other’, ‘being honest’, ‘being friendly’”* (Personnel officer). A production worker recalled *“job security, flexibility and security, employers’ duties and employees’ duties...”* These admittedly vague themes remained broadly defined, deliberately so since agreeing on final wording was likely to waste time and descend into pedantic debate. A few were put to a general vote as to whether they should stay or go.

The twin aspirations of community and individual success were embodied in the resultant statement, ‘We believe’, an update on the firm’s previous mission statement:

*“It is the mission of [SchoolWear] to offer people with shared goals and values, the opportunity for continued personal and professional development, by cultivating a caring and rewarding environment where people feel inspired, respected and appreciated.”*

It is noteworthy that the statement eschews completely any profit motive, and is wholly employee-centric.

Over the following two years senior managers returned to the workshops’ themes, and decided that the firm’s core beliefs – as identified - required underpinning support in the shape of, in the first instance, a further declaration of principles, but

also a set of formal policies and practices. These ‘pillars’ were needed if the community were not to crumble. A second ‘Development Day’ took place the following year, again off-site and again involving the entire workforce. Follow-up interviews with individuals clarified points, and the text was finalised by The MD and the Personnel Director “*according to the spirit of the staff input*”. The theories on cultural management from Rob Goffee and Gareth Jones were a huge influence, especially around developing ‘sociability’ at work. (SchoolWear’s culture is heavily slanted toward norms of sociability.) A revised draft was sent back to the group leaders and staff for one last nod of approval and became the company’s official philosophy in March 2000.

### **Partnership at SchoolWear – ‘The Community Company’.**

Within an expansive document entitled ‘The Community Company model’ is the firm’s “*vision*” statement, and its partnership model. For the firm it provides “*living proof that fiscal accomplishment can be derived from a philanthropic culture that accords every individual equality in respect of perceived value within its community*” (SchoolWear, 2000: p7).

The model comprises the six ‘pillars’ upon which the community relies upon for its continued coherence and viability. The document explains: “*The fortification of organisational culture beyond the altruism of a few well-meaning individuals is essential if substance and longevity is desired*” (ibid: p9). To each pillar is assigned a classic mutual exchange of ‘rights’ with corresponding ‘responsibilities’. Each pair is intended to provide acceptable mutual “*obligations*” between the company and the individual employee, but to be balanced to “*ensure that the company and the individual employee do not intrude too much on each other*” (a Director). The essential underlying theme is how best people interact with, and treat, each other. The pillars, and the rights and responsibilities, are detailed in Table 10. They have been incorporated formally into the firm’s constitution – “*set in stone*” (MD) - to commit the community’s members to its strictures, independent of individuals’ altruistic vision (and for the MD’s own peace of mind, should anything happen to him). It would require 76% of the shareholders to amend it. (Over a third of the workforce is a shareholder.) At an individual level, a legally-binding agreement to abide by the model’s strictures is written into the employment contract,

institutionalising the principles further: *"It is a psychological contract, what we're asking people to sign. We do ask people to think very carefully about what they're taking on"* (Director).<sup>45</sup>

**Table 10: SchoolWear 'pillars', rights and responsibilities.**

PILLAR	RIGHTS	RESPONSIBILITIES
<b>Information and involvement</b>	Access to information and involvement in decision-making	Open and honest participation
<b>Fair reward</b>	Fair reward, avoiding indecent salary differentials	Honest endeavour and commitment
<b>Shared prosperity</b>	Shared prosperity through profit-sharing and share ownership	Full contribution to the community effort
<b>Employment protection</b>	Employment protection	Flexibility and adaptability
<b>Application of organisational values</b>	To be treated with fairness, consistency, respect and support	Protection and enhancement of the community by showing fairness, consistency, respect and support
<b>Development opportunities</b>	Training and opportunities for development	Commitment to meeting training objectives and to developing in harmony with the needs of the community

The full text of the 'Community Company' is now viewed as rather over-blown and in need of trimming, and indeed over the 55 pages (plus appendices) the rambling text does become rather repetitive and imprecise, and feels only loosely structured.

The re-drafting is being done because the firm is keen for the community model to be disseminated more widely and tested in other firms: *"It's redundant if it is just [SchoolWear]-specific"*. The 'pillars' and 'vision' are *"fine, and won't really be changed"*, but more needs to be said about *"the heart and soul of the company, and its values"* (MD). Likely omissions will be the unnecessary and overly prescriptive expanse of specific detail on the firm's operational processes, and the opening section on globalisation and the primary purpose of business etc, which is, as one Director conceded, *"a bit of a rant!"*

<sup>45</sup> The terms of a SchoolWear employee's contract have never been tested in a tribunal, but the firm's lawyers are confident that they are indeed legally enforceable.

### **Partnership at SchoolWear: structures and practices.**

This section takes each of the ‘pillars’ in turn, and describes how each is reflected and enacted in SchoolWear’s employment policies.

#### **‘Information sharing and involvement in decision-making’.**

This entails comprehensive information sharing and the entitlement to be consulted on significant work concerns of both immediate interest and strategic interest. Information shared covers *“anything significant relating to the trading performance and financial prosperity of the company, together with any other items of general interest that may impact positively on people’s feelings of ownership and attachment to their company”*. The consultation part is defined as *“the engagement of people in the discussions that take place about issues affecting the direction of their roles and the organisation as a whole”* (SchoolWear, 2000: p14-15).

What this means in practice is that employees are entitled to receive pertinent and timely information in a variety of forums (both team-based and company-wide), and to be consulted *prior to* business decisions being taken, whether through an invitation for suggestions on policy direction, or for comment on a proposed policy. Staff input thus falls short of frequent joint decision-making, but is rather more than a token solicitation of views after the event. A Personnel officer compared what (s)he considered consultation outside SchoolWear to be - *“Managers saying to staff, ‘we’re going to do this; is this all right?’”* – with her representation of their particular arrangements: *“‘Here is what we’re thinking about this; any ideas?’”*

Practice is split among four meetings that take place every month sequentially. The first takes place at the most local level in different sections of the company (teams within departments: production, sales, etc), and are known as Action Groups. Typically led by the team leader or relevant manager, the meetings cover the team’s specific operational issues, key performance indicators, plus matters of direct concern and company-wide issues that require input from the staff: *“It’s important to give the ‘big picture’ and to revisit it”* (a Director). They are primarily information sharing exercises, and a number of management respondents conceded that information tends to be disseminated on a *“need-to-know”* basis. Not too many staff had noticed this discretion, though. Staff members have the opportunity to raise

issues that can then go to the senior-level committees, and shopfloor respondents confirmed that this often happens. Examples are given below. Participation (in the sense of contributing suggestions or comments) is not compulsory: “*Some find it easier to speak out in public than others*” (a Director), but while it is “*OK to say nothing in the meetings, it is not appropriate to moan [about the meeting] afterwards*” (a Director). Clear ground rules are set out in the model: to be punctual and conscious of time limits, to participate (but not to dominate or hesitate), to respect others’ opinions, and to take decisions (both in the consultation process and in the ownership of the final outcome).

Following the series of Action Groups the ‘Departmental’ meetings are scheduled a week later, and can last for half a day. Led by the departmental Director, the department discusses its performance as a whole, as well as any department-wide concerns arising from the previous Action Groups.

The ‘Managers-Directors’ meeting follows later in the month after the ‘Departmentals’. Proposals for company-wide strategy and decisions are formulated here in the first instance, informed by data from the firm’s key performance indicators, as well as discussion of personnel issues from each department: recruitment, disciplinary matters, absenteeism, etc. Directors tend to prefer submitting consultation papers for discussion, rather than the arguably more democratic – but, equally arguably, the more cumbersome – ‘blank-sheet-of-paper’ approach. The former works better for SchoolWear, but the Directors are sensitive to presenting decisions as a *fait accompli*. One manager felt it was rare that the Directors “*just make a decision without involving staff*”. Any significant recommendations or corrective measures for improving performance or changes to employment conditions are taken back to the Action Groups for staff input *prior to* the final decision.

Finally, there is what is known as the ‘Figures’ meeting. The entire company assembles in the canteen to hear about financial performance, sales records, projections, and business issues. All are communicated openly, in line with the right enshrined in the pillar, but also to stop speculation and rumours flying. The Directors are committed to informing the community about significant business



developments. Shopfloor input here is limited, perhaps because the forum is so large, but also the company clearly prefers that the Action Groups remain the most appropriate forum for staff input. To supplement communication the company produces a weekly A4 newsletter.

There is also provision for ad hoc meetings as issues arise, especially for critical incidents. Two examples were the decision to abandon a failing and costly business venture, and an offer put to the MD to sell up. Once some careful wording had been put together the whole workforce was called in to the canteen, and both situations were explained candidly. All those interviewed valued the MD's honesty.

### **'Fair reward'.**

In the 'Community Company' fair reward for community members arrives "*through the collective efforts of citizens and is structured to ensure that all benefit fairly from the wealth created by the community*". Actual levels of reward are set within the constraint of keeping the community together as a coherent and harmonious group. The firm is especially mindful of keeping the ratio between salaries and turnover the same, and avoiding wherever possible large income differentials which might damage community cohesion. And yet a seeming paradox is that, although the 'Community Company' model cites "*collective effort*," basic salaries are set according to individualised performance-related pay, measuring abilities but also each employee's "*attitudes*". The points of reference are the pillars and rights and responsibilities, which "*make it infinitely easier to gauge [attitudes] by*" (MD). An example might be the employee's commitment to 'shared effort' shown in the hectic summer months. Individuals' salary increases are set annually in the 'Managers-Directors' meeting, whose collective judgement provides checks and balances against victimisation or favouritism.

A further constraint dictates that the highest salary should not stray beyond 10 times that of the lowest paid member of the workforce (ibid: p51).<sup>46</sup> Large discrepancies in salary levels within a job group are held in check by salary bands. For the firm this

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<sup>46</sup> In addition, there are further efforts to reinforce the principle of a curb on excessive levels of inequality, including a stated ceiling of £25 per night on overnight accommodation (or at least "*getting best value, as it's everyone else's money you're spending*"), and Directors' express reluctance to indulge in expensive cars and the like, for fear of "*the bottom of the company becoming detached from [the top]*".

policy is *“a philosophical question about how people should be rewarded”* based on principles of *“justice... Across-the-board increases are completely unfair and demotivating, because it doesn’t reward individuals’ own effort, and going the ‘extra mile’”* (MD). When asked to comment upon what might seem a conflict between a community culture and a pay scheme that rewards people individually, the MD denied there was *“an inconsistency as long as it is kept within the realms of decency”*.

There are concerns, conceded by the Personnel team, that in basic pay terms – see below for ‘shared prosperity’ – SchoolWear is *“underpaying”* some of its staff. All non-managerial staff are comfortably above the minimum wage, and none are on less than £10,000 p.a., and if the market median is judged within the (low-paying) textiles industry the company is confident that it pays above that mark. But from benchmarking around comparable firms in south Yorkshire it is apparent that pay is low *throughout* the organisation - especially so for managers, interestingly, who earn considerably less than they might do elsewhere. Employee turnover is seldom over pay, it was claimed, and in thirteen years’ operation only four managers have left the company (none over pay). For this case study no employee complained about his or her basic salary package. *“Most people would rather we have a sensible pay policy than increase our fixed costs and put the company at risk”* (MD).

### **‘Shared prosperity’.**

Basic pay can be bolstered by company-related performance bonuses. The articulated exchange of ‘rights’ and ‘responsibilities’ is that to enjoy the fruits of shared prosperity each community member must make a full and fair contribution to the community effort.

To describe first the employees’ entitlements from the ‘right’, the company operates a profit-related bonus, with each member below Director level receiving an even share of the spoils regardless of status within the firm. (Part-timers and those arriving part-way through a year receive a share on a pro rata basis.) The profit bonus is triggered once the firm has secured more than 5% net pre-tax profit, which is enough to keep the company in operation. Based on turnover of £5m a 10% bonus

would mean £39,356 shared between the 90 employees; 5% would mean sharing £14,363.<sup>47</sup>

A “*key principle*” (MD) is that all employees with more than two years’ service are entitled to buy shares in the company. The ‘Community Company’ document posits the rationale as being “*about offering people the opportunity to acquire a stake in their own future. Providing people with a real opportunity to significantly impact their long-term financial security and well-being, directly, through their own efforts, both motivates and inspires*” (ibid: p35). The model discusses owner-managers’ risk, but offers no comment on the risk undertaken by employees. Appendices set out formal commitments on the percentage of shares to be offered to the workforce as the company’s history lengthens. Thus, 5% of shares should be in employee hands by the firm’s fifth birthday, up to 15% between 11-15 years of existence [where SchoolWear are now], to the eventual goal of 20% after 16 years. The annual distribution of shares is “*extremely well publicised*” through newsletters, monthly meetings, and in a fact sheet (MD). Much of the publicity exercise is educational, so that employees know the implications of participating in share trading. Over a third of the workforce (37.8%) own shares in the firm, including almost 29% of all those in the non-managerial grades (a total holding of nearly 2.4% of all the shares). Managers and Directors own 1% and 0.072% respectively. The holding company controls the majority: 93.5% [from company figures].

When asked whether the firm had seen employee-owners seeking to exercise their ownership rights over company decision-making the MD reported none: “*But that say is already there, the opportunity for that input is already there*”. The Personnel Director cited an emergency meeting of the firm’s shareholders for which nobody turned up, a number of employees telling him that they trusted the senior management to act in their best interests.

The corresponding ‘responsibility’ requires of all employees a full contribution of effort to the success of the firm. All employees, when interviewed, accepted this ‘pillar’ without serious concerns, one warehouse worker seeing it as the embodiment

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<sup>47</sup> 2001 had been a successful year, with around £60,000 profits to share equally among the workforce. Prior to that, three years ago was the last good year (around 10%); the intervening two years – compounded by the failed business venture – had seen a bonus around half that figure.

of *"a fair day's work for a fair day's pay"*. The most contentious challenge comes in the summer when extra weekend working – two Saturdays in June, July and August - is required of *everyone*, including the Managing Director. A rota appears on a noticeboard in April and each employee must sign up at times convenient to himself or herself wherever possible. The 'Community Company' strictures are often utilised to secure equitable compliance – and not only by managers. For some, on occasion, the obligation to work extra hours is annoying, especially during the summer when the temperature in the warehouse can get uncomfortably high, even in south Yorkshire. A new time banking system (amended following suggestions and observations from the staff) has helped smooth the process. In essence, time worked over and above contractual hours (in half-hour 'denominations') can now be taken off, with the agreement of one's line manager, at a later date. The aim is that everyone reaches zero by April each year. Before the time banking, employees were calculating their actual hours worked (including the 'unpaid overtime' as they perceived it), relating it to their take-home salary, and coming up with a very low hourly rate. The time banking is very popular.

A complementary sickness absence bonus rewards 100% attendance with £100, and each day taken off removes £20 from this total available bonus. With the tacit approval of the managers employees use the 'time banking' system to protect their absence bonus.

### **'Employment protection'.**

The company rationale on its employment security guarantee was developed after the MD watched with dismay a fashion for *"laying staff off at the first signal of a drop in profitability... [It begs the question] 'Why does a company exist?' To make a profit, yes, but also for the benefit of its people. Profit... should not be the be-all and end-all. It's 'people before the profit' [at SchoolWear]."* The intention is to give employees *"security of mind... If life is about giving and taking, rights and responsibilities within a cohesive society, then if [employee X] has given their commitment, loyalty and dedication – and 'time served' is a simplistic measure, but it's the best we can come up with - surely there is a right to some [employment] security and peace of mind in return?"*

All those with two continuous years' service have a guarantee that they will not be subject to enforced (i.e.: compulsory) redundancy. Expectations of staff are high, so *"using the 'give-and-take argument, it's a fair balance... After two years [here] you've earned that security of mind"* (MD). Also, *"if they're good people we don't want to let them go. But they have to be flexible"* (Personnel Director).

Guarantees of employment security are often criticised as a luxury in good times that can be easily withdrawn when fortunes turn for the worse. The Personnel Director was not concerned: *"It doesn't really constrain the company. It's not that big a risk"*. Provisions for major programmes of redundancy are not set down in a written policy, as yet. But, *"we would take every step before cutting the staff overhead cost"* (MD). Volunteers would be sought first, then employees who had been with the firm less than two years, and so are not covered by the guarantee, would have to go next. *"Then, if we think about this as a true community, with mechanisms for enjoying the good times together, we also have to share some of the pain. So everybody might have to take less out for a period..."* If that did happen, the MD predicts, *"those on the periphery [of the organisation, and its values] would most likely jump ship, thus easing the burden for others... The majority would want to tough things out"*. The fall-out from the failed business venture meant that the few of those recruited for the endeavour that wished to remain within the firm were redeployed.

### **'Application of organisational values'.**

SchoolWear's stringent set of values requires significant staff buy-in at all levels, lest the community ethos be weakened and undermined. This is well recognised.

The firm clearly relies on identifying, recruiting and retaining suitable people to the community from the locality, a point not lost on several respondents from all levels. 'Cultural fit' is the most important criteria for appointments, by which is meant a person's motivations and what a member of Personnel termed *"emotional resilience"*. Before the interview, a copy of the 'We Believe' statement and the community model is sent to each candidate, with the expectation that they arrive at the interview prepared to discuss their impressions of both. In the selection interview, that can last over two hours, candidates are grilled on their own compatibility with the model and its implied attitudes and behaviours; what

Personnel explained as *“getting at the heart of the person - the human being, not the human doing”* [i.e.: a person’s character as depicted by their passions and response to difficult decisions, rather than their vocational experience and abilities]. Interview questions probe the lessons for life gleaned from schooldays, and incidents when work required the candidate to do something (s)he didn’t enjoy. In addition, each candidate is asked to fill in the Kolb Learning Styles inventory. Personnel denied that using Kolb was a screening process that only nominated certain personalities for selection, but SchoolWear is predictably full of ‘accommodators’: *“If you’re looking for a culture without interdependence [with other people] you will struggle here!”* At the interview stage candidates are given the opportunity to *“de-select themselves”* if they are unlikely to fit in with the culture.

For those who are accepted into the community considerable lengths are undertaken to inculcate the articulated values, in particular urging participation in what might be described as ‘cultural education schemes’. These include the bi-annual company-wide ‘Development Days’, which the MD ensures are not postponed or relegated to secondary status. This in any case would send contrary signals. Company trips – such as treasure hunts - also have an educational, cohesive purpose as well as the fun involved.

But the most important tranche of the cultural education programme is the ‘community classes’, which have the objectives *“to protect, evolve and develop the culture”*. One Director described them as putting *“the meat on the bones”* of the model. The seven classes run from October to April and are open to all on a voluntary basis, although it is apparent that internal career progression requires an effort to engage at a more advanced level with the organisation’s philosophy and values. They have *“unquestionably aided the development of future managers. You simply don’t become a manager if you haven’t done it”*(MD).

Attendance is not sufficient; there is homework too. This consists mainly of relating the lessons to real-life examples, and reflecting on key learning points. Personnel assesses, rather than marks, employees’ thoughts, and offers feedback and

supplementary guidance, as required.<sup>48</sup> The classes would seem to be popular, enjoyable and worthwhile if measured by employee participation rates, which have risen year on year: *"There is a significant number of employees that do want to delve a bit deeper... And the more [educational and cultural] work is done the healthier company becomes"* (MD). *"Knowing it [the community ethos, through the classes] is an added bonus"*, agreed one supervisor.

How does the company deal with dissent, conflict of interest, or employees 'slacking'? In the words of one Director, the company cannot ignore *"damaging behaviours"*. The community's values – to which all employees have formally subscribed – place clear parameters around what is acceptable behaviour at work. Part of the appeal of the firm's 'rights and responsibilities' psychological contract with each member is that the same rules apply equally to all. They are the company's rules. While *"the closer you are to owning the values, the less [the requirement to] 'care' restricts your behaviours"* (Director) it is nevertheless apparent that when behaviours diverge from the model the community *"self-polices"*. A Personnel officer described how: *"You can take people back to the pillars and say 'you're not doing that' [i.e.: pointing to one of the pillars]"* or *"'What is the consequence to the community of your behaviour?'... You can take them into a room to put the emphasis back on them and how they look to others. It nips things in the bud"*. A senior member in production elaborated on the attitudinal emphasis of the self-policing: *"We encourage people to deal with [conflict] because you can get a lot of good out of conflict... We would deal with [human error] as a training issue. We want to coach them through it. If someone doesn't take seriously [their responsibility to minimise wastage, for example] we need to treat that attitude seriously... So, if someone's not pulling their weight you're looking at [the pillar of] 'fair reward'..."* Similarly, the values and the culture engendered seem to have generated their own powerful peer pressures to conform, and to contribute (a more or less) equal effort to the cause.<sup>49</sup> Managers find the set of values a useful

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<sup>48</sup> One such example of homework, from a member of the production team, reads: *"I found the community classes quite beneficial, giving you the philosophy of the company and spelling out the expectations of being able to work in a relaxed atmosphere. The classes allowed you to meet other people, find out about them and their roles within the company. It showed how we could benefit from each other by sharing our ideas. The company vision being, being able to share our goals and values. To be treated as part of a team and working in a caring and rewarding environment"*.

<sup>49</sup> During the course of this research, several staff members, including summer casuals, volunteered to arrive at work early in the morning to complete a self-imposed despatch deadline.

restraining tool, since it is *“very important that managers need to identify when the wrong messages are being sent out and processing that, [by] listening and being there for people”*. Said a Director, *“we’re there to help, but the person must address the problem”*. Intriguingly, some managers wondered aloud whether the firm is too tolerant at times, too keen to pursue joint problem-solving, while one or two non-managerial employees recounted minor incidents when managers’ reaction to non-compliance seemed harsh. But the reluctance to resort to disciplinary procedures was seen as a sign of the community’s strength by the MD.

Securing adherence to the values is *“interwoven”* into managers’ daily activities: *“It is the responsibility of the managers and Directors to uphold the culture. The formal role is to facilitate the rights and responsibilities, but the informal role is treating people fairly, and being open and honest”* (a Director). Management by walkabout and maintaining a high visibility around one’s teams is considered critical, and was readily evident to all team members: *“We are really receptive to team mood, and are constantly testing the temperature”* (Director). Mediating and resolving conflict is a key element of the training given to SchoolWear’s management team, the content including *“group dynamics and helping people to deal with issues... team training, dealing with concerns and conflict, and disciplinary and grievance procedures”*. Mentoring of managers and supervisors by more senior managers aims to improve understanding and practice. The mentoring works on three levels – ‘thoughts’, ‘feelings’ and ‘actions’ - with programmes to promote understanding of the first two, and specific training to improve the last category.

### **‘Development opportunities’.**

The model explains that development *“activates people’s desire to take opportunities for personal growth”* in line with Glasser’s four ‘need pathways’: the need for fun and excellence, the need to belong, the need for power and responsibility, and the need for freedom (SchoolWear, 2000: p29), but also so that the firm can *“grow and flourish”* (ibid).

Each employee is entitled to two appraisal interviews scheduled a year, and the company promises *“appropriate support and training”* under the proviso that individuals’ development *“can only occur in the context of the needs of the*



*community... It's everyone's money we're spending... It's reasonable to ask 'what value is this going to have?'"*(MD). Managers' coaching of their staff through the 'learning cycle', plus the skills and cultural classes all contribute to this pillar.

### **Sustainability? The future.**

A curious feature of the SchoolWear case study is that there is rather little narrative to recount. With the exception of the failed business venture in 2000 the firm has not seen too many significant business events, and even this episode does not seem to have been too traumatic. It did not feature prominently in respondents' accounts of the history of the firm. Most expressed sadness for the MD that his energy and effort had gone unrewarded, and that the firm would continue under different strategies.

Otherwise SchoolWear has continued to expand and grow. In 2001 it posted £650,000 profits on a turnover of £6.5 million, and after weathering a downturn following the collapse of the business venture the company has restored its profit margins again, and is looking forward to further growth.

Staff input into strategic issues came under review in 2001. The management team considered the consultative arrangements to be *"reasonably effective... getting a lot better. Employees are reasonably interested, but it's the local issues that get the most response, or input"*. The management team was *"seeking the balance between staff input and delivery"*, and in particular how the Action Groups feed their contributions into the strategic discussions. One Director argued that the firm is seeking *"the right balance where the staff feel valued, but they're not under too much pressure to participate"*. A special working party – the Strategy Group - was established to look at possible improvements. Everyone received a summary report of research into the likely future business direction, and the Strategy Group's recommendations for action. Staff input was expected to follow, initially in the Action Groups, and reported directly back to the Strategy Group. The company is also examining ways of making it *"as certain as possible"* that shareholders have more freedom to sell, while retaining the majority of total shares within the SchoolWear workforce. The Directors are keen to confer certain, as yet identified, business decisions to the discretion of the workforce.

In November 2001 it was considering the purchase of nearby land for a second site to accommodate its expansion. This strategy has been debated with the workforce, at specially convened all-workforce meetings, and in 'Departmentals'. As a consequence its payroll may soon come to exceed 130, which many of the Directors concede could prove to be a threshold for sustaining such a values-based and intensely personalised community. The aim is to avoid having too many people on any one site which, it is felt, might diminish the intensive personal contact time that sustains (and in part, monitors) adherence to the company's strong values. The challenge then becomes a selection of which "*seam*" to break the company up along to retain a "*connectivity, togetherness and camaraderie*". (See 'Analysis'.)

In addition, sustained expansion will require extra capital funds, and the firm may need to solicit outside investment, introducing potentially alien ambitions and objectives into the community. The MD is insistent that the company could only engage into an alliance with people compatible with the company's values, and thought that their suppliers might prove interested in the first instance. In any scenario no more than 25% of the firm would be allowed to pass into external ownership. The whole workforce would, as a matter of principle, be involved in the final decision. During any expansion company decision-making will remain "*as true as possible*" to the community's original values; the firm would be "*in trouble*", he predicts, if primacy was given to shareholder demands over community needs. Because of its relative youth (13 years) and size (around 90 employees) SchoolWear has been able to sustain its culture during expansion. This will remain its key challenge for the future.

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### **Case study 3 – SchoolWear. Analysis section: Partnership.**

In this section I first examine the extent to which the people management practices within SchoolWear coincide with the IPA partnership model. I then go on to discuss how the partnership developed, relating its progress to the model in Figure 4, and then I assess the nature of the partnership arrangements. Table 11 indicates that the

people management practices within SchoolWear correspond closely to the criteria for a strong partnership arrangement, with one notable and contestable exception:

**Table 11 – Partnership at SchoolWear.**

Partnership element	Present?
Joint commitment to the success of the enterprise	☺
Recognition of the legitimate interests of each party	?
Building trust-based relationships	☺
Increasing employee involvement	☺
Extensive information sharing	☺
Consultation with employees at workplace and organisational level	☺
Employment security provisions (in exchange for flexible work practices)	☺
Sharing the success of the enterprise	☺

### **Principles.**

SchoolWear has, like its employee-owned counterparts the John Lewis Partnership and St Lukes Communications, sought to define, codify and institutionalise its cultural norms, and to design and implement a complementary set of principles, policies and practices that support this culture.

The firm's 'Community Company' model and 'We believe' statement articulates its common objective. However, interestingly the definition, or conceptualisation, of "success" for SchoolWear is not expressed in commercial or even operational terms, but instead emphasises as its 'raison d'être' the personal advancement and welfare of the employees.

Its distinctive culture has not been consciously designed to develop trust, but considerable energy is invested in the behaviours identified by Whitener et al as being conducive to "trustworthiness". The principles enshrine a curious mix of individual responsibility and reward, combined with a clear call for collective, mutually beneficial effort. In addition, the culture encourages and relies upon an agreed exchange of empathy, bolstered by monitoring of adherence to community principles. (See 'Analysis' below.)

The model has rather less to say on the principle accepting that there are legitimate and separate differences between employees' interests and those of the firm. This is

not acknowledged, and the SchoolWear management team do use strongly unitarist language to describe themselves and the firm. But I would argue that with the firm's attentive paternalism there is extensive focus on satisfying these employees' interests (decent pay, a positive working environment, provision for an employee voice, and opportunities for personal advancement). A Director identified "*the access to information, the involvement in decision-making, and employee share ownership*" as indicative of SchoolWear's focus on its workforce's needs which, he believed, then had "*an impact on the business [performance]*". Indeed, if anything, the interests of the *employer* (efficiencies, productivity improvements, profitability) are downplayed.

### **Practices.**

Representation of the interests of the workforce, and informing and consulting the workforce, comes in a variety of forums at SchoolWear, which are not pluralist in the sense that they accommodate separate interests, but they clearly satisfy Coupar's criterion for non-union firms that the employee voice be adequately heard, and acted upon (see chapter one).

Employee involvement in decision-making may seem modest, but it does not appear to be a cosmetic exercise either, and it is very popular. From the anecdotal evidence gathered in this case study it would seem that the 'shopfloor' and management agree that staff input *is* frequently and consistently sought, and that non-managerial staff wield significant influence on the fate and direction of the firm: "*There is an abundance of evidence that it lives on a daily basis*" (Personnel officer); a Director argued that staff are "*hugely influential*" on workplace decisions. Non-managerial staff broadly concurred, albeit more cautiously: they had "*a lot*" of opportunities for input into decision-making, and this was "*very good*"; it made one "*feel valued*". Shopfloor employees found the local-level Action Group meetings valuable, even "*rowdy*". One, however, suspected that Action Groups elsewhere in the firm might not work as well as that of her own team. Another employee looked back over her two years with the firm, and could not think of a decision she thought had been unfair, or that she hadn't agreed with.

Examples of staff influence over company policy were several: the profit-sharing bonus scheme was amended extensively after Action Groups “*found holes*” in the Directors’ original idea. A set of options was presented to the workforce in the Action Groups as to what should be company policy on retirement age, and the consultation revealed a preference for 65 over 60; it was adopted as company policy shortly afterwards. The workforce has also amended policy on dress codes, and made suggestions for the company’s welcome pack. At the local workplace level, the warehouse Action Group proposed some sensible amendments to invoicing processes that saved £8,000 in postage, and also came up with their own system for locating boxes for despatch among the several thousand stored.

As for the other elements of the IPA partnership model, SchoolWear’s ‘Community Company’ makes explicit the trade-off between a guaranteed employment security and the introduction of flexible work practices and sufficient effort on the part of the workforce.

Finally, while SchoolWear concedes that its pay levels are, against some standards, rather low the profit-sharing and share ownership scheme do offer employees the chance to share in the firm’s success. Furthermore, subscribers to SchoolWear’s idiosyncratic definition of what constitutes “success” might include the ‘community classes’ and the training opportunities as going some way toward fulfilling this element.

#### **Analysis: the nature of partnership at SchoolWear.**

The first point needs to reiterate the central importance of the community continuing to identify, recruit and retain suitable people to the community from the locality, a point not lost on several respondents from all levels. Once in SchoolWear for more than six months it is apparent that people thoroughly enjoy working there.

All respondents described a positive, very friendly, and respectful work environment, although a number indicated that there were occasional tensions. First impressions were admiring, tinged with bemusement and traditional Yorkshire scepticism. The concern that the rhetoric might not be matched by reality was a common response. One manager thought upon her first reading of ‘We believe’:

*"This is good stuff, perhaps a bit 'touchy-feely'. [I wondered] Can it work in practice?"* Another manager wondered whether the cultural aspirations were *"fluffy nonsense"*. But, he went on to explain, *"I saw the evidence during visits, and I thought 'this is incredible'"*. Shopfloor employees were less expansive, but reiterated comparably enthusiastic sentiments. The people met at the first interview were *"great"*, *"everyone was dead nice"* and *"really smiley"*, although at the same time the atmosphere was *"really weird"* and *"very strange"*. The friendliness took many aback, as most had indeed been used to distant and indifferent styles of management.

Many employees, from all levels, sincerely argued that there is minimal hierarchical status within the firm, although this would seem to be derived more from the general atmosphere at the headquarters offices than a study of the firm's organisational chart, since a list of employees reveals a striking number of job classifications. That said, it is true that the informal dress code, open-plan office (and lack of corner offices), plus the overall friendliness of many of the employees, does mean that easily recognisable symbols of organisational status are not apparent to the visitor.

Respondents were unanimous about the significance of the 'rights' and 'responsibilities', albeit with varying degrees of conviction and detailed analysis, and when asked to explain the six 'pillars' most were able to provide a sketch, if not quite a word-perfect recitation. Unsurprisingly, after the two main authors of the final text (the MD and Personnel Director), the other managers and the Personnel support team were most effusive. Managers are more inclined to engage with such nebulous issues (and at SchoolWear have been recruited, in part, for their interest and enthusiasm for such matters). The 'pillars' *"underpin the whole model"* (a Director); they are *"the glue that holds us all together"*; they constitute a sort of *"moral code"* (Personnel officer); *"it lives on an everyday basis"* (Director). Another Personnel officer argued that setting the pillars down on paper, and then enshrining them in employees' contracts, means that *"it's not 'up-in-the-air', nicey-nicey waffle, it's more concrete"*.

What of non-managerial staff? Every shopfloor/ administrative employee expressed unambiguous support for the SchoolWear way of working, albeit with varying

degrees of conviction. All agreed that the ‘pillars’ are reasonable and make sense to them. They are, for one sales employee, *“probably totally”* responsible for the culture engendered, one (s)he described as a *“caring, rewarding, and inspiring environment”*. A production supervisor enthused, *“it’s fantastic... When I read it and went to the [training] it really made sense to me... You can’t go wrong with it”*. A warehouse worker said, *“it’s a very positive way of running a business”*. Another involved in production described it as *“common sense, and in practice it’s brilliant. 98% of the time it works”* - the other 2% he put down to individual reactions to frustrations. But, he concluded, *“the company is great, it’s a good thing”*. An administrative officer claimed that her home life had improved as a consequence of the positive atmosphere and friendly people she works with: *“sounds sick really,”* she confessed. Someone in the sales team did not regard the pillars as *“just a piece of writing. The philosophy is for a nice working environment, and putting it into practice”*. A young man working in the warehouse confessed that SchoolWear had given him a fresh chance to make something of himself, after failing at school.

It is not the case that all scepticism and conflict has been eradicated. One otherwise enthusiastic production employee admitted the cultural aspects were, for him, *“a load of nonsense... I take it as it comes, and don’t bother about it”*. A colleague’s attitude was similar: *“I don’t think about [the culture], I just come and get on with it. But you don’t have to throw yourself into it, you can be an interested onlooker”*.

Tellingly, a few production/ administrative staff could not remember too many precise details, and one or two confessed to having forgotten, or not studied, much of the model.<sup>50</sup> One or two others appear to have ‘slipped the net’, and have not seen, or seen but not read, the final version of the community model. There are some reservations about the strict adherence to the cultural edicts demanded by the company: *“The culture and community stuff is a bit brainwashy”*. Another felt, *“in some ways we are acting a part, I mean, we have a ‘script’...”* Another admitted that there are several *“Mr and Mrs [SchoolWear]’s. Some put on a face in front of certain people...”* A Finance employee proffered the assessment that, given people’s disparate backgrounds, educations, and ambitions being *“stifled by give-and-take”*,

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<sup>50</sup> The ignorance of the full model among SchoolWear staff does lend credence to findings from the other case studies that ‘partnership’ seems not to instil a powerful, all-encompassing cultural programme. (See the conclusion.)

the firm's *"ideals can't be lived up to"*. However, all argued that the culture to which the firm aspires is, for the most part, lived out.

I believe that what ambivalence there is among SchoolWear's non-managerial staff can be attributed, in the main, to the commonly observed phenomenon wherein many such employees prefer to turn up, do their job, work hard enough for decent pay and go home, with little regard for workplace issues beyond their immediate work environs and still less concern for loftier ambitions around organisational culture and philosophy.

The management team is aware of this. Buy-in to the community values might not reach the same intensity at all levels of the workforce, but the founder has come to relax about different individuals' depth of conviction as well as about the time required to win people over: *"You need the emotional buy-in of people, lest the values be weakened over time. But if 'X' sees the need to fulfil their responsibilities then that's fine; the problem is struggling to fulfil the responsibilities"*. A Director estimated that *"80%-plus share the company's values"*, and those for whom the values have been internalised *"can see why when they're challenged on contrary attitudes and behaviours"*. However, they can identify certain individuals who find the culture harder to cope with: *"Only one or two visibly struggle with them. Because they've not been internalised. They know what is expected, but they don't believe it, and so you can see them constantly trying to display the appropriate behaviours. But what they're really thinking is going to come through at some point"*. The company would, explained this Director, try to address this kind of gap between thought and action early, before it becomes a *"source of resentment"*.

The MD is conscious of the 'thought police' accusation, but it is not one that he accepts: *"I'm aware that there are some 'conspiracy theorists' out there, but many have been won over over time... We try to create opportunities, not to determine whether people take them or not. It's not something that can be force-fed down people"*. This seems fair. But it is possible that the firm is expending unnecessary energies on its cultural education programmes, when what its workforce values above all is the management team's simple consistency of attitudes, behaviours and treatment, thoughtfulness and support, and benevolence. In response, The MD



argued [in an unrecorded telephone conversation] *“it is questionable whether without this cultural training we could develop the managers to sustain the culture [and the company]”*. He also felt that the amount of time resources spent on the ‘cultural education’ was *“incidental”* to the time taken up with operational activities, and was in any case *“proportionate to demand, since it’s all voluntary”*. So, while a concern might be that, though the firm’s structures and practices resemble closely a ‘partnership’, the method of monitoring and even enforcing the firm’s philosophy can seem rather authoritarian, instead of mutually negotiated, this would, in my judgement, be unfair. The firm goes to considerable lengths in its recruitment stage to outline the nature of the work, and the strictures of the cultural norms with which all employees are expected to comply. Each recruit is invited to sign up formally to this compliance. Once employed, evidence suggests that managers provide ample opportunity to employees to adapt and self-correct. Recourse to the disciplinary procedures – a proxy perhaps for authoritarianism – remains rare.

The culture at SchoolWear has a predictable effect on employee turnover, running high at around 20% overall, but which breaks down interestingly according to time served. Judicious use of the probationary period is employed to deal with incompatible employees who get through the exhaustive and highly personal recruitment procedure: *“We would have a talk ‘without prejudice’ about severance if something breaks down”* (Personnel Director). During the first six months employee turnover is *“quite high”* as people from elsewhere struggle to adapt to *“the integrity”*, as the MD sees it. But after two years’ service – when among other things the employment security guarantee comes into effect – employee turnover is *“very low”*. Few long-serving employees contemplate ever leaving. No employee professed to hating their experience at SchoolWear, but it is the case that employees have reason for occasional resentment.

### **Why no trade union?**

SchoolWear is a defiantly non-union enterprise. When asked why this was so the founder explained that, while he considered that *“unions have a vital role and function,”* from his upbringing and entrepreneurial predilections he is rather dismissive of their value in the workplace. Alarming stories from new recruits to

SchoolWear of abuse, harassment and poor working practices in unionised workplaces have cemented his scepticism. In a paradoxical twist he voiced one of the concerns from the 'left' about the notion of partnership: that some unions may have moved too close to the establishment, and to managers.

The managers argue forcefully that:

*"a trade union as a body representative of a large section of the workforce is entirely inconsistent with the community model... Something has gone wrong if in the structures there is a polarisation of needs to the degree that external intervention is required. The structures are already in place to effect change. If the power to effect change in a meaningful manner is already invested in individuals, and the organisation's structures and constitutions are set up to reflect this, then I struggle to see a meaningful role for a trade union" (MD).*

A Personnel officer agreed; trade union intervention would be:

*"a sign of failure... Confrontation and third parties are unnecessary. Conflicts can be resolved without them. If the culture is right for open and honest dialogue there is no need for third party representation... and you are very likely to be listened to here [over pay issues]"*.

Another Personnel colleague added, *"we spend so much time on the 'people' side of things here"*. For the Personnel Director collective bargaining was an *"anathema"* because it does not accept individualised performance-related pay.

That said, the MD claimed he would be *"completely comfortable"* with union recognition if the majority of employees wanted it. This is highly unlikely; no non-managerial employee interviewed expressed any desire for a union presence. (The recruitment procedure that effectively controls community membership would be expected to screen out such personalities.) One from the shopfloor area felt that a union *"wouldn't work here. There are all sorts of safeguards in place. We are free to discuss things with our line manager. A trade union might jump in..."* Another attributed the lack of a *"divide"* along them-and-us lines to the extent of employee involvement. A trade union official has visited the site only once in its history, when an employee asked to be accompanied at a disciplinary hearing. From the MD's account of the incident, it seems that the official could find little fault with the firm's processes, and *"said, 'gosh, what a nice company'."*

It is obvious from the evidence gathered here that the mutual gains available – a classic exchange of flexibility for employment security and sharing in success, as

well as the enforced consistency of behaviours and attitudes of all the employees – has brought the enterprise success, and its members considerable satisfaction.

**Analysis: progress toward partnership and trust.**

One noteworthy aspect of SchoolWear's progress toward partnership and trust-based relations is that it did not emerge in response to a crisis, or from a need to improve relations, but began at the very inception of the firm. 'Partnership' was already a feature of work at SchoolWear, independent of it being enshrined in any text or agreement.

As such the entry into talks (1a) was not a fraught step. The 'Development Days' involved the workforce fully in the brainstorming of much of the agreement's content, and demonstrated both a willingness to share decision-making and managers' obvious concern for the welfare and well-being of the employees (2a). The text itself was not at all contentious when it received the workforce's assent. The rigid adherence to consistent behaviours, and to the provision of mutual gain, mean that the partnership is sustained by itself (2b to 3a). While there remains always the possibility of a major defection it is difficult from the evidence gathered here to conceive how one might materialise. Even the costly failure of the business venture did not embitter the staff.

It is perhaps more illuminating then to track the progress of an individual employee's relationship with the firm, from recruitment into employment and beyond, to assess the development of trust. In the pre-recruitment stage the candidate receives a copy of the model, with the expectation that he or she will be required to comment upon it. The interview, and the signing of the employment contract – with its clause specifying compliance with the 'pillars' – constitute the agreement (1b). It is in the first few weeks that the recruit experiences the joint problem solving, and the requirement to exhibit and reciprocate partnership attitudes and behaviours (2a). If the recruit is willing and able to adhere, then – as the comments below testify – her/his attitudes will likely progress toward enhanced levels of trust. If, however, (s)he struggles with the cultural norms, then one of two responses seems available: exit or passive compliance.

### Case study 3 – SchoolWear. Analysis section: Trust.

I returned to SchoolWear to interview five respondents, selected by myself. I had already interviewed four of them for the narrative section. (The exception was the production team leader who had been ill for the narrative round of interviews.) Each was shown the degrees of trust diagram set out in the Methodology chapter, and given enough time to read and digest the implications of each definition before offering their thoughts. (I turned the tape recorder off to prevent any anxiety that the long silence being recorded may have caused.)

In this section I discuss the respondents' appraisal of the degrees of trust present within the organisation, with their explanations and justifications for their analysis, including any evidence provided in support of their assertions. Where any were offered, I discuss the respondents' own definitions or commentary on the nature of trust at work, and also their thoughts on what might assist in the development of trust at work, and what might constrain or threaten it. Their responses are captured in Table 12.

*Table 12 – SchoolWear respondents on trust continuum.*<sup>51</sup>

	BEFORE P'SHIP.	AT P'SHIP.	2001.
FOUNDER/ MANAGING DIRECTOR	-	-	K-b/T to R-b/T
PERSONNEL DIRECTOR	-	-	R-b/T
PRODUCTION DIRECTOR	-	-	R-b/T to I-b/T
PRODUCTION SUPERVISER	-	-	I-b/T; K-b/T to R-b/T
PRODUCTION TEAM LEADER	-	-	R-b/T to I-b/T

The responses are illuminating. None, when invited to compare and contrast between perceived shifts in degrees of trust over time, felt able to offer such a longitudinal reflection. All preferred either to emphasise their present experience, or to avoid an assessment of the past. Or, as seems more likely, based on the testaments of these and other respondents, the SchoolWear culture and work environment has remained, for the most part, constant over the lifetime of the firm.

<sup>51</sup> **KEY:** D-b/ T = deterrence-based trust; C-b/T = calculus-based trust; K-b/T = knowledge-based trust; R-b/ T = relational-based trust; I-b/ T = identification-based trust.

Not even March 2000, when the workforce endorsed the ‘partnership’ document, was considered by any of the five respondents to have been a particularly significant watershed. (Hence the scant narrative content of this case study.) Unlike the other case studies it would seem that SchoolWear has not experienced a qualitative shift in degrees of trust, and certainly not from any position of distrust. Rather, it has sustained a high degree of trust over time.

To examine each response in turn, the MD ignored both deterrence-based and calculus-based degrees of trust as being utterly without foundation at SchoolWear: “*we can discount*” them, he said. He considered that a new employee would likely feel knowledge-based trust in the first few months, derived from the clear expectations of what work would be like outlined as part of the recruitment process (see below for an extended discussion of the importance of SchoolWear’s recruitment). Suspicions and wariness may still be present in the employee’s mind, he conceded, and this probably stemmed from upbringing or previous employment experiences, or from a misunderstanding of the cultural aspirations of SchoolWear. But, after a sustained period of time, the MD felt that the employee’s degree of trust would progress toward relational-based trust, once (s)he had experienced the culture of the firm. Interestingly, and perhaps as a consequence of my articulating concerns about the sometimes overbearing culture, the MD reflected that ambitions toward securing identification-based trust (which, on the surface the ‘Community Company’ would seem to aspire to) might indeed herald a propensity to instil ‘thought police’-style monitoring. He also argued that an identification-based culture would cease to be dynamic, reluctant to challenge or to question under the weight of assumed commonality of interests, and so could “*grind to a halt*”. The rejection of both extremes, especially the wariness over the most positive forms of trust, suggests a more sober appreciation of workplace dynamics than the occasionally evangelical tone of the ‘Community Company’ text. I asked him to account for the absence of the notion of trust in the text. He replied that it had not been a conscious effort to remove reference to trust, or to pay it little mind. It is indicative that it is not considered to be a significant characteristic of the firm’s people management aspirations, however. The MD suggested that this is perhaps because the high degree of trust is “*already there*” (i.e.: it has not evolved from an observably less powerful trust, or even from a situation of distrust). “*I would like to*

*think it is implicit*" (MD), arising from the consistent attitudes and behaviours of the managers. He interpreted his fellow colleagues' failing to even mention trust as a characteristic of the relations at the firm as signifying trust's relative low-level significance compared to less "*abstract*" and more easily observable characteristics such as "*openness and honesty*".

The Personnel Director felt that "*undoubtedly*" SchoolWear exhibits relational-based trust. He pointed out how the model sets out clear parameters around what is acceptable, and he talked of the emotional bond forged among employees. As direct evidence he cited the non-attendance at the shareholders' EGM of the share-owning employees (see above). He too was wary of the virtues of identification-based trust, agreeing that employees need to feel confident of challenging decisions.

The Production Director agreed; relational-based trust best described the attitudes within SchoolWear. She cited as reasons for this the importance placed on values, and the consistent demonstration of the values in the day-to-day interactions among employees, and especially between the managers and their sub-ordinates. She also cited the level of openness in disseminating information about the business as both an antecedent of the high degree of trust, and further evidence of it: "*Anyone can challenge the information if they don't trust the Managers and Directors*".

The supervisor from production was a fully-fledged convert to the SchoolWear way. (S)he considered that, on a personal level, (s)he enjoyed identification-based trust with the company. When challenged that this implied that her/ his interests were completely as one with those of the firm, (s)he affirmed this as a characteristic of her relationships at work, citing mutual respect and everyone working toward the same goal as evidence. (S)he also took me into extraordinary confidence to relate the company's benevolent reaction to an acutely personal crisis as testament to the extent to which interests have blurred. Interestingly, however, in her supervisory role she concurred – independently – with the MD in assessing that new recruits typically arrive with knowledge-based trust, and progress toward relational-based trust. This mirrored her/his own appraisal of new recruits; (s)he felt confident in the new recruit's abilities and 'cultural fit' in the first instance, but judged them on

evidence: *"You need to work alongside a person to build up a picture of what they're like. You've got to know the person before you can trust them"*.

Lastly, the production team leader was also effusive in her praise for the firm. (S)he too selected relational-based trust as best describing the atmosphere at work. Her comments revealed the depth of her emotional attachment and investment in the relationship: *"If the company betrayed my trust I'd be shattered"*. This, until now, has not happened, and (s)he could not conceive of circumstances in which it might. The reasons for feeling this way were the consistency of behaviour among the managers, and her/his subsequent confidence in them. (S)he also cited the firm's benevolence.

How should we account for the impressively high levels of trust that are reported consistently across the sample of employees here? The responses are unambiguous, and point to a very powerful sense of mutual trust.

Referring back to Whitener et al.'s five *"categories of behaviour"* that people ought to adopt when developing trusting relations – *"behavioural consistency, behavioural integrity, sharing and delegation of control, communication and demonstration of concern"* – it is apparent from the testimonies provided by the participants in this case study that SchoolWear's partnership arrangements meet all of the criteria. There is abundant evidence of efforts to secure mutual gains, and to treat people in a manner consistent with predictable benevolence and procedural justice.

The demands of the cultural norms, and the close monitoring of compliance, is also important. Indeed, paradoxically, the firm's enormous efforts to instil in its workforce commitment to the cultural strictures - far in excess of a standard induction and 'understanding-the-company' kind of programme - is a rare source of conflict between the managers and a number of those on the 'shopfloor'.

In addition to these, other evidence gathered in this case study points to four further antecedents, or explanations:

- The inclinations of the charismatic founder

- The relatively small and compact size of the company's building
- The recruitment and selection of people with certain *a priori* attitudes and propensity to certain behaviours, and
- The absence of a trade union.

To take each in turn, the MD has personally always struggled with the separation of employer and employee. While he acknowledged the possibility that there exists an inherent conflict of interest between the two, and its likely existence in "*most organisations to different degrees*", when asked to assess whether even within SchoolWear the conflict might be present, he insisted that the company's "*community exists on the basis of its stakeholders accepting the rights and responsibilities that support the values*" of SchoolWear. His vision in particular has set the standard from the outset throughout the firm, and the 'pillars' have been designed, in part, to align and then manage both sets of interests for mutual benefit, and to instil a consistency of behaviour. Accept and enact the required behaviours, and the conflict between employer and employee can be (as good as) eliminated. The Personnel Director, when posed the same challenge, considered that it is people's experiences at work that dictate how they might perceive any conflict of interest, and SchoolWear's personnel policies and practices seek, as far as possible, to reduce the potential for conflict. The MD is held in very high regard within SchoolWear, and yet in person is not a spectacular, table-thumping charismatic figure capable of inspiring as well as terrorising his workforce; he comes across instead as a principled and thoughtful, caring man who does seem sincerely to put people before profit.

One might argue that the small size of both the workforce and of the company's buildings result in intense proximities in interpersonal relations, and so trust might be expected to follow. However, it is a facile point, but nevertheless true that not all small firms could report such positive relations. Guest and Hoque (1994) surveyed 122 small firms, and found that 8 corresponded to the "*ugly*" typology (employees denied rights in exploitative conditions) and 28 matched the "*bad*" criteria (no HR strategy, and no significant employee involvement either in process or reward).



Several of the respondents commented on the importance to the sustainability of such a culture of the firm's stringent recruitment procedure. If new members join the community who are inappropriate, or who may prove disruptive or cynical, this could damage the coherence of the community and undermine the strength of its behavioural norms. The recruitment practices control access to community membership, selecting those that 'fit' culturally. The questions test for likely compliance with, and enthusiasm for, the 'pillars', and any candidate unable to exhibit sufficient support for the pillars is likely to be rejected. Thus, the community reinforces itself. While it is possible for candidates to deceive the interviewers, once inside SchoolWear, those employees who fail to understand and adopt the community's principles face corrective attention (an opportunity to change, as the firm would have it), or face a benign and mutually acceptable dismissal. Those who can adapt witness ample evidence of their influence on how work is organised and conducted through the exchange of 'rights' for 'responsibilities'. That only four out of five are believed to be culturally compatible suggests that the recruitment process is far from flawless, although the MD could not identify any obvious dissenters.

Another possible explanation is that the firm's hostility toward independent representation of the workforce in the form of a trade union has complemented the recruitment process to produce a non-radicalised workforce, unaware of the inherent conflict of interest between employer and employed. But this does not seem a valid analysis to my mind. Many of the non-managerial staff have worked in unionised workplaces before, but have not brought with them an overt consciousness of conflict at work. None could see a role for a trade union.

### **Conclusion.**

There seems little scope to refute SchoolWear's claim – were they keen to make it themselves – to being a 'partnership' organisation. SchoolWear clearly has all of the essential components of a partnership company, and the respondents asked to assess the degrees of trust operating within the firm all reported consistent and impressively high degrees of trust.

The strong institutional parameters set around what is acceptable as an attitude and behaviour at work, to which all employees (or community members) are free to subscribe, provides for a consistency and integrity, and – some gripes and grievances notwithstanding - a mutually beneficial, trust-based employment relationship. (The SchoolWear respondents were unanimous in rating their trust levels exceptionally high.)

A challenge will present itself should the firm exceed a manageable headcount level. However, the stability of personnel and the robustness of the firm's constitution and systems mean that SchoolWear should be capable of retaining its unique culture during any future expansions.

SchoolWear is perhaps most useful as a successful and benevolent example of the partnership model working without the presence of a trade union. I selected to investigate it for this purpose, to move the debate on partnership beyond the narrow confines of a union-management ghetto.

## **Chapter 6.**

### **Case study 4 - NorthWest NHS Trust. Narrative section.**

*I first met a representative from NorthWest NHS Trust in May 2000 to secure access. The first week of interviews took place in July that year. I returned twice more, in February and October 2001, to conclude my follow-up interviews.*

#### **Background.**

The NorthWest NHS Trust [now merged with a local Trust – all of the detail in this case study pre-dates the merger] was created in 1993, from the former Area Health Authority. It is spread across four sites, with a further twenty community sites for services such as District Nurses. The Trust employs around 5,000 staff, and has annual revenue of £130 million. NorthWest NHS Trust recognises eighteen different trade unions, of which there are ten major unions, the rest being small professional associations. The four largest are UNISON, RCN, MSF and the GMB. UNISON has the largest presence. Around three-quarters of the workforce are trade union members.

Around 1996, when the first effort to examine a partnership way of working was attempted, the business ethos and demanding new performance targets sought by the then Conservative government had encouraged an aggressive reassertion of the managerial prerogative on the wards that was achieving the required results, but sapping staff morale. So, while performance levels were generally satisfactory, and there was no crisis to speak of, internal enmities among the different professional constituencies and unproductive industrial relations were felt to be stifling programmes for change improvements.

Reflections on the employee relations climate at the time differ, but most respondents considered it to be “*typical of the public sector at the time*” (Chairman): confrontational without stepping over into outright hostility – “*it never got nasty*” (senior union rep)<sup>52</sup> - but certainly characterised by mutual suspicion and mistrust. The tactics deployed by each side exacerbated the bad feeling. Both sides “*arrived at the meetings* [the quarterly Joint Staff Consultative Committee - the JSCC] *with their fighting gear on*” (Chairman). Typically, the management team would table an

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<sup>52</sup> *One long-standing member of the JSCC on the management side counselled me to be wary of new recruits exaggerating the problems of the past to render the present more impressive... echoing Marchington's own recommendations about 'fairy tales' (Marchington, 1995).*

idea as a paper for formal consultation. The 'staff side' - as trade union representatives are known in the NHS - would argue that they needed plenty of time to consult their members. But managers were usually unwilling to dither, and so any fundamental union objections were overruled, with only modest window-dressing efforts to acknowledge the staff side's concerns. The trade unions were perennially on the defensive, recognising that with what one called their "*minimal influence*" they were unlikely to change the substance of any policy. Instead, they sought loopholes in the proposals to stall them, otherwise "*red penning*" the wording to amend it for any future tribunals (technician union rep). On occasion the trade unions threatened but never carried out local industrial action; the workforce is not especially militant, lamented one shop steward. Managers were not callously authoritarian; it would be more accurate to describe them as under considerable pressure, and therefore reluctant to engage in time-consuming periods of joint consultation. All respondents agreed, however, that there was little sharing of the agenda, and few efforts at joint problem solving, let alone strategic planning. The quality of trust in the Trust was poor. When asked why this hardly positive state of affairs persisted, the general consensus was that confrontation "*was the way things had always been done*"; "*the atmosphere at the time*".

### **Events leading to 'partnership'.**

A new Chairman arrived in 1996 from a smaller neighbouring Trust that had enjoyed good relations. NorthWest NHS Trust struck him as an organisation "*happy to call itself 'unhappy'*". He observed the debilitating conduct of industrial relations, and resolved to try and inculcate a more productive and constructive spirit. Additionally, within a few months, the return of Blair's partnership-inclined government (May 1997) meant that efforts to address the inadequacies of traditional adversarial styles of industrial relations now found favour at a national level. The Chairman and the senior managers felt that the existing culture in the Trust no longer fitted with the tone set by the government. When the Trust's Executive set itself two main objectives – to "*change the patient experience*" and to "*change the staff experience*" – this laid the ground for a review of the Trust's industrial relations.

A new Head of HR arrived at the same time, and at the sharp end of industrial relations he too immediately decided that the confrontational way was proving, in his word, *"pointless"*. There had to be a better way, he felt. The Chairman and the Head of HR secured support from the Chief Executive and the Board for research into a 'partnership' set of values to inform and direct the Trust's culture and practices. The pair presented the 'business case', arguing that change in work practices could come about through managerial coercion or through employee involvement, but that the latter was more likely to produce more effective employees working in more effective ways (Chairman). An endorsement from the very top of the hierarchy was considered vital, to endow the initiative with legitimacy and gravitas, and offset staff cynicism. But the lines of responsibility and project management were clearly laid out: it was important for the Chief Executive to be seen *"leading the idea, if not the process"*, the latter being HR's job (in the eyes of the then Head of HR).

In 1998 the Chairman took part in the nationwide initiative, the NHS Taskforce on Staff Involvement, for which he visited around 50 of the more 'employee involvement-minded' NHS Trusts. He viewed at first hand partnership-style relations and employee involvement practices, and returned to NorthWest NHS Trust, inspired and determined to repeat the successes he had witnessed. From the Taskforce tour he had identified for himself five core themes of successful partnership programmes in the NHS:

1. The partnership had been *"led from the top"*. The Chief Executive and her/ his team had been *"deeply and personally involved"* in promoting and supporting partnership.
2. Partnership was *"a long-term game"*. Because it was radically different from previous methods, advocates had to realistically expect that the first two years would be spent, in part, overcoming cynicism and mistrust, before tangible and lasting outcomes would show through.
3. It was inextricably linked to better industrial relations. This meant the close involvement in decision-making of the recognised trade unions, but also of employee involvement in day-to-day concerns.
4. It meant prioritising organisational development. By this it was evident that partnership was a resource-intensive approach that required support from

training programmes and facilities for managers and staff-side representatives to fulfil their joint duties.

5. Finally, it had eventually become *"the way we do things round here"*. In the best partnership-based Trusts involving staff in decision-making and joint problem solving had become an instinctive response to organisational issues, rather than an afterthought.

For the first informal approach to the staff side's Chair and Secretary in June 1998, the Trust Chairman and Head of HR explained that they were looking into new ways of conducting industrial relations, with the aim of re-establishing a degree of trust between the unions and management. They indicated that the idea of partnership might be of some value, but they had no pre-set definitions, and wanted to invite the unions to debate the idea. Material on partnership was circulated to stimulate the discussion.

Despite a wariness about what 'partnership' with managers might entail for them as union reps, the staff side representatives accepted that trust had to be re-built, and so they tentatively agreed to discuss the issue further: *"We had nothing to lose, we could always go back to adversarialism. But we did have everything to gain from being true partners – if it could be achieved"*, reasoned one technician representative. Another union rep outlined her rationale for engaging with the programme: *"It could be anything from a really good idea to a trap to make stooges of us"*. She too said that any abuse of the trade unions could have meant their withdrawal from the process. A senior staff side representative agreed: *"We were wary, but we figured, 'if you don't try it, you'll never know'. We checked with our full-time officials [at the various union headquarters – who had been briefed in advance by the Chairman about the initiative] and with other companies, and the feedback we got was, even if the outcomes are the same, the process is better. Less fraught. More sensible"*. After lengthy internal debate, the staff side *"decided it was worth a go"*.

The first joint meeting, in September 1998, was introduced as a 'blue-sky'-style exchange of views and ideas (Head of HR). Issues included a desire to de-centralise decision-making, to improve communication with staff, and to address the

widespread mistrust stifling progress in the organisation. However, localised criticisms and complaints dominated the early stages: questioning how there could be talk of partnership when ‘such-and-such’ was happening? Wondering aloud how senior managers ever thought they could get ‘so-and-so’ to sign up to this? It also became quickly apparent that partnership would be a resource-intensive way of managing the Trust, and particularly that there would be major problems to overcome surrounding time off work for both reps and managers. These posed formidable obstacles (and still do). But, the Chairman accepted that these fears and objections needed to be voiced, for the air to be cleared, before progress could be made.

Outside the formal meeting, fears were articulated: “*They were telling me, ‘this all sounds good, but is it real?’ We had to prove it,*” recalled the Chairman. A few meetings in, the working group heard a case study presentation from another Trust that had gone a long way down the partnership route. The extent of collaboration alarmed many of those present, but it succeeded in impressing upon both parties that a partnership way of working was indeed possible. It was a modest breakthrough. Small efforts to share information among the parties and gestures of goodwill began to materialise, and the Chairman wanted to supplement these informal positive exchanges with some “*quick wins*”, small-scale but achievable and encouraging results that would give the initiative some impetus, and demonstrate to each other the potential of the joint working approach.

The group broke up into sub-groups to review jointly some relatively low-level HR policies. Several new policies were drafted jointly, presented to the group as a whole, and agreed there and then, before being sent to HR for technical amendments and rubber-stamping. The joint policies showed what was possible at NorthWest NHS Trust. One union rep confessed to feeling initially dismissive of the joint process, but after seeing the results, he hailed the experience as “*a breakthrough for relations*”. From that moment, according to the Chairman, “*the meeting snowballed into a ‘can-do’ mentality*”.

By May 1999, the participants felt sufficiently confident of their purpose that the partnership programme required a special committee to oversee developments.

Rather than set up a formal committee in the traditional manner, it was agreed to christen the existing working group the Partnership Forum.

The Chairman sensed that the group needed a focus and further impetus to improve: *“As with any organisation development effort it is sensible to start with an agreed statement of purpose”*. (‘Start’ is being a tad disingenuous, since the initiative was now almost a year old.) A statement would, he hoped, define and frame the new relations being sought. It was also, for the Trust Chairman, another *“‘feel-good’, ‘do-able’”* project. A senior staff side representative viewed the statement as a means of advertising to staff what they might expect from the partnership programme. External consultants were brought in to help the Forum draft the Trust’s ‘Strategic statement of intent’.

#### **Partnership at NorthWest NHS Trust - 1<sup>st</sup> version: the agreement.**

The final, jointly worded text of the Trust’s first partnership statement was produced in July 1999. The text is aspirational in tone in that it outlines principles and ambitions for ideal-type attitudes and behaviours, rather than making firm commitments or setting targets. Most of the requirements of a partnership are referred to, but are not covered in detail (see the ‘Analysis’ section).

The statement begins with the assertion that *“partnership is the most effective way of involving staff in achieving the aims and objectives of its Service Plan”* (NorthWest NHS Trust, 1999: p2), since it is held to encourage *“better patient care”* by involving everyone more, as well as demonstrating to staff the importance of their input, to make them feel *“more valued”*, and make their work more *“satisfying”* (p2-3). It sets out what partnership means for the parties involved:

1. *“A commitment to working together at all levels in the organisation to deliver the Service Plan*
2. *An understanding of the relationship between employment security and employee flexibility*
3. *Building relationships within the organisation that maximise employee involvement through reliable, robust and timely communication”*, and –
4. *Strategic representation of the employees’ views at the Trust’s Management Board”* (NorthWest NHS Trust, 1999: p2).

The statement then lists a further set of twelve jointly-agreed attitudes and behaviours that, the joint partners expected, would act as *“guiding principles, which*



*will govern the way we work in the future*” (ibid: p3). They include familiar partnership-related attitudes, such as *“openness and honesty, trust”*, and *“respect for legitimate roles/ views”*, but also what might be considered behavioural obligations for the parties, such as *“sharing of information – equality of knowledge and opportunity, respect for what is confidential, a shared understanding of the ‘givens’, good communications, not compromising representatives”*, and *“time to do the job properly”* (ibid).

The statement explained that this joint process would be introduced at all levels of the organisation: line manager/ Operational, Directorate, and Strategic. At the last level, as well as the continuation of the Partnership Forum, it was intended to appoint a staff side representative onto the Trust’s Board (proceeding incrementally, with the Management Board first, described as the *“engine-room”* of the Trust’s decision-making by the since departed Chairman).

Over time the partnership programme had as its ambition to *“increase and improve the full involvement of staff in operational and strategic decision making that affect patients, services and organisations”* (1999: p4). One of the first moves would be *“an educational programme for managers and employee representatives to support and develop this cultural shift”* (ibid: p5). The statement mentioned, but declined to elaborate upon, *“clear processes”* (ibid: p6) that would be in place for resolving conflicts arising out of the potential failure of the new consensus making to reach a fully accepted decision.

As the statement was one of intent only, the implications for the conduct of industrial relations and work organisation of these Trust-wide aspirations were not accorded additional commentary. (See below for the outcomes in terms of operating policies and practices.) When asked to elaborate, the main author, the then Head of HR, pointed to the principle of building relationships through *“reliable, robust and timely communication”* (p3) as being the most important foundation of the partnership. By this he meant comprehensive information sharing: *“everything that the staff side reps needed [in order] to come to informed and reasonable conclusions on policies. No secrets would be kept”*. In practice, this included laying open the Trust’s financial records and future plans for union scrutiny; whatever the Board got

to see would be made available to the staff side as well, except all confidential items. There was little risk involved in this, but it nevertheless constituted a leap of faith for many, especially among the strategic management team. The appointment of a staff representative on the Board was similarly considered to be contentious by the managers, according to the then Head of HR. However, it was his argument at the time that *“if we were going to be serious about partnership, there was no logic to excluding representation at the highest level of the organisation”*.

The Statement was sent out as an attachment to staff payslips, reported in the Trust newsletter and disseminated across the organisation’s intranet. The Forum sought no response to it, and little was received. *“But then they could hardly disagree!”* felt the then Head of HR. In retrospect several of the key players conceded that an attachment to staff wage packets was not an ideal dissemination tool, and so it proved. None of the staff on the wards or in the administrative offices, when interviewed for this case study, recognised the original booklet when it was shown to them. However, from a brief perusal of its contents, none objected to the sentiments. *“But”*, commented one union rep, *“we’ve had that many mission statements!”* The statement, though jointly created, had little impact on the wards and in the departments.

### **Partnership at NorthWest NHS Trust - 1<sup>st</sup> version: structures and practices.**

Most interviewees noted, *“partnership is not about warm words, it’s about doing things... but you need the means and wherewithal to do something about it”* (senior staff side representative). One manager also suggested that the ambitious new relationship was prone to challenge from hypocritical behaviours. Both of these problems – securing joint wins and maintaining a consistent approach – have since emerged within NorthWest NHS Trust.

In the months following the dissemination of the ‘Statement of strategic intent’, the Partnership Forum concentrated on developing their relationships and improving their consultative processes at the senior [Strategic] level. Rather less energy was directed into extending partnership into the different workplaces within the Trust.

An offshoot of the Forum, the joint Policy Development Group, continued the earlier work of jointly drafting and agreeing HR policies. Taking generic policies from an external adviser, the Group tailored them to be appropriate for NorthWest NHS Trust, having debated and agreed upon a set of ideal terms, within realistic parameters. These were then sent back to the Forum for amendment and eventual approval, and on to the HR department for implementation. The Group drew up thirteen joint policies in its first eighteen months, ranging from principles of recruitment and employment (fixed-term contracts preferred to temporary contracts, no temporary employment longer than 12 months and easier access to secondment opportunities – all perceived as significant gains by one union rep) to a policy on ‘job security and change’ arising from the then imminent merger with a nearby Trust. The process, in this early incarnation, sought a merging of views and ideas, and one participating manager was very enthusiastic: *“We undertook an open, free-for-all discussion about the policy in front of us, and as we did we started losing our respective identities as either ‘staff side’ or ‘manager’”*. Another management respondent (from Finance) was also impressed: *“It was a real collaborative attempt. It was not just ‘win them [the unions] over, but have them fully involved in the production of the policy”*. Where intractable differences of opinion on the final draft occurred, these were presented in the report: *“The approach is about maturity and a mutual respect for others’ views”* (then Head of HR).

Progress toward more harmonious joint working relationships took a knock in the early stages, and trust was damaged, by what one union perceived to be hypocritical and inconsistent actions. The Trust took part in the King’s Fund/ UNISON report on partnership, approaching participation jointly. (NorthWest was the only Trust to send a joint delegation to the launch conference, and the union representative was the only such attendee.) However, in the internal report on the project the Trust named the senior managers involved individually, but only referred to *“some staff side reps”* also taking part. At least one rep resigned from the Forum. The incident was attributed, probably fairly, to *“carelessness”* (Chairman), and the fact that the aggrieved rep returned to the partnership process after an official apology suggests that this was taken sincerely.

The Trust attempted to measure the impact of the new style of working through its first employee attitude survey in November 1999. This too was jointly devised and conducted by an external consultant. The survey covered issues such as consultation and communication, management and employee relations, working conditions, pay and benefits, health and safety, training and development and career progression. The overall approval rating of the Trust as an employer was 67%, which for the then Head of HR was quite encouraging.<sup>53</sup>

In March 2000 the Trust sought to disseminate the partnership ethos throughout the Trust with what were called the Staff Involvement Days, or the 'SIDs'. The idea was to augment the quantitative survey findings with qualitative evidence drawn from soliciting staff opinion and suggestions for improving the Trust, as well as promote the partnership initiative and demonstrates joint working, to the wider workforce this time. One senior manager and one staff side representative paired up together and walked about the organisation to seek direct staff input, the 'walkabout' element distinguishing it from *"another bloody questionnaire"*. The pair asked each member of staff that they approached the same three questions:

1. How can the Trust introduce more employee involvement in your area to provide a better service for users of the Trust?
2. How can the Trust introduce more employee involvement in your area to provide a better working environment?
3. Give two ways in which working life in your area could be improved.

This was widely acclaimed by managers and staff side representatives alike as *"the best thing we have ever done"* (union rep), and the union reps were unanimous that such a joint effort could not have happened without the new approach to industrial relations initiated 22 months earlier. The outcomes *"opened a few eyes"*. It was the first time that many members of staff had met a senior manager face to face. As well as the perceived benefits of showing an interest in the working lives of staff – the event seemed to have a kind of 'Hawthorn effect' on many – a number of long-standing staff grievances, many of which were barriers to better work performance,

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<sup>53</sup> 86% expressed satisfaction with their working conditions (split half and half between respondents saying they feel a "great deal" and a "fair" amount). 78% were "fairly" to "very" satisfied with work relations with their immediate manager. 69% were satisfied with the support they received from their manager, but only 38% felt that they received adequate support from the Directors. The Directors were considered approachable by less than half the workforce.

that had only ever required a nod from higher up the Trust, got the nod. These were more “*quick wins*” - more demonstrations of partnership’s potential, according to the Chairman.<sup>54</sup>

Quantitative findings were drawn from other staff surveys, collated together with the anecdotal evidence from the ‘SIDs’, and sent to the Partnership Forum for action plans to be drawn up, in a process summarised by a member of the HR team as “*this is what you’ve told us is going on, and this is what we’re going to do about it.*” In the event, the SID outcomes became subsumed into other lists of staff ‘hygiene factors’ (cf. Herzberg), then bureaucracy delayed funding, but in December 2000, nine months later, £650,000 was earmarked for expenditure on areas of staff concern. The funds were finally released to the Directorates in October 2001, a year and a half on from the ‘SID’ – an indication of the protracted decision making process confronting the key players.

Shortly after the SID event, the Head of HR left the NHS, professing himself relieved to be getting away from the pressure and conflicts of dealing with trade unions. The Trust, supportive of the progress toward partnership, included in the remit of the new HR Director an explicit objective to take the endeavour forward.

### **Partnership at NorthWest NHS Trust – 2<sup>nd</sup> version: the agreement.**

The successful candidate’s approach has split opinion. While admiring much of the undoubted progress so far, the HR Director (appointed in March 2000) was rather dismissive of some of the efforts, notably the ‘Statement of strategic intent’ and the ‘SIDs’: “*nice noises*” (HR Director). Less pointedly, a senior non-HR manager confirmed that the partnership programme had thus far been “*a good debate*”, but the Trust had “*yet to capitalise*”. For the new HR Director the principles of mutuality in the 1999 statement needed to be made more explicit, moving the language, stances and tactics of the main industrial relations protagonists away from what he called “*power-based*” positions toward positions where a more “*proportionate*” exchange of concessions could be facilitated. In his view the Trust

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<sup>54</sup> The logistics meant that certain constituencies across the two dozen sites were overlooked, such as the domestic cleaning staff, and the style of the venture irritated some: one employee, when asked by the Chairman for his views, stormed out of his depot in disgust, angrily denouncing senior management for never asking staff for their opinion. The Chairman wondered whether it had been the perceived “*falseness*” of the ‘walkabout’ that had so riled him.

had been *“the ‘giver’ more than the ‘receiver’”* thus far. The programme needed to make more sense, necessitating *“a reappraisal of the terms of engagement”* between the Trust’s managers and ‘the staff side’. Ironically, the participating unions agreed that the rules of engagement needed to be reviewed, but disagreed on the balance of influence: *“We’re still not being treated as equals”*, explained the aggrieved rep from the King’s Fund project. The very different interpretations of what the new *“terms of engagement”* should be have generated sources of conflict between HR and UNISON, and among the unions, who vary in levels of enthusiasm for the revised programme.

The HR department began to wrest some of the decision-making authority away from the consensual process that the Director had inherited, as part of a desire to assert a managerial prerogative (to be *“the one who signs the policy off”*, according to one union rep). The Policy Development Group began to receive drafted policies from HR for comment, in contrast to the blank-sheet-of-paper approach of before. The charge that the new style was undermining the partnership, as previously constituted, was rejected by the key players in HR, pointing out that no formal complaint had been received. But, privately, a number of the staff representatives expressed dismay and a weary cynicism at the change in style. Similar sentiments could even be heard from within the HR department (which fractured along pre- and post-new HR Director lines, many from the former camp choosing to leave).

Almost a year on from his appointment, the HR Director presented a discussion paper outlining a future model for partnership, and a set of recommended actions over the 12 month period between Spring 2001 and Spring 2002. In interview, he described the endorsed model as *“a policy to govern the processes as well as indicate an aspiration for where we want the partnership to end up, that aspiration being to bring the partnership as close as possible to people’s jobs, with a representative body overlaid on top of that...”*

In what follows I confine myself to the narrative and the basic details of the governance of the partnership; see the ‘Analysis’ section for commentary on the proposals, and the assumptions that would appear to inform them.

The Director's 'discussion document' intended for partnership to permeate all levels of the Trust. Reiterating the aspirations of the earlier 1999 statement, partnership was envisaged on three organisational levels, re-christened the Corporate, Directorate and Local levels. The overall objective was to devolve partnership and employee involvement down to the Local level, in an ongoing "*de-centralisation of authority*". This necessitated a re-constituted role and purpose for consultation at the Corporate level. At Corporate level it was initially proposed that the JSCC and the Forum be restructured into one overarching, more representative Partnership Forum to act as the co-ordinating body for all of the partnership/ joint initiatives at the Trust-wide level. The Partnership Forum would oversee the establishment in each of the Directorates of their own Partnership Forums, which might be based on the localised groups formed for the national NHS self-assessment exercise. Directorates would present proposals for their own local joint initiatives (such as quality circles, suggestion schemes and undisclosed joint projects) to the Corporate-level Forum, in a process intended as a "*learning experience*", rather than as an accountability mechanism. The trade unions and management group were to be the major stakeholders in the partnership process, with other parties involved as appropriate.

Rolling out the process would comprise two stages between the initial discussion and joint implementation: "*consultation*" in the existing forums, with "*negotiation*" only as a fallback option, should consultation fail (NorthWest NHS Trust, 2001: section 5.2). Overall direction of the programme would be transferred to the HR Director [note: away from the Partnership Forum], with the Executive retaining its supportive and monitoring roles. Managers were urged to demonstrate participative management style, which included trust, information sharing, co-operation and "*joint decision-making where possible*" with staff. Employees were encouraged to "*avail themselves of the opportunities to be involved in decision making which affects them*" and to hold their managers to account (2.5.1 and 2.5.2). The responsibilities set out for the staff side representatives meanwhile were revealing: to be "*involved in developing participation arrangements and procedures and... provide their co-operation and support as parties to this policy*", and to "*accept that partnership shall only work where all employees have the opportunity to become involved in decisions affecting them irrespective of whether they are members of trade unions*" (2.4.1 and 2.4.2).

The Forum discussed these ideas between February and April 2001. After consultation the JSCC was retained in parallel – “*kept in the fridge*” as the HR Director put it - for formalised industrial relations negotiations such as on pay, disciplinary matters and for any breakdown in the overall partnership process. Staff, it was felt, were reassured by the JSCC’s continuing substantial role, many appreciating its Whitley heritage as conferring upon it a “*more representative*” identity.

The revised partnership model was ratified in May, after “*not much debate*” (HR Director). Different recollections conjure up either an aggressive debate (technician rep), or a constructive exchange of views (HR Director), or the unions shrugging the proposals through as a *fait accompli* (HR manager). Perhaps significantly, one of the more combative shop stewards was away that meeting, and greeted the ‘agreed’ policy with an incredulous “*Eh?!*”

#### **Partnership at NorthWest NHS Trust – 2<sup>nd</sup> version: structures and practices.**

Partnership now exists in loose form on all three levels. At the Corporate level, as of October 2001 the Trust was still looking, three years on, to appoint a staff representative to the Board. The delay was attributed initially to protracted disagreements over the content of the employee representative’s job description, and then to the staff side - wary of the practical and ideological implications for their independence - prevaricating over whom to appoint. They sent six different observers to six consecutive Board meetings to learn more about the process, but could not agree among themselves; a number of managerial respondents put it down to inter-union jockeying for power positions. Following the adoption of the May 2001 partnership, disagreement flared up again over disputed clauses in the agreement. None of the reps present at its signing-off recognised the clause allowing the Trust Chair to veto the staff side representative (as is legislated for other Board members), nor the one installing the Chair of staff side automatically.

Elsewhere at the Corporate level, the Forum continues to convene, with various senior managers and members of the HR team attending alongside ten staff side representatives, divided among the various recognised trade unions (although, since



eighteen into ten does not go, this has caused some inter-union animosities). The frequency of the meetings has been cut from monthly to once every six weeks, as part of what the HR Director sees as “*a rationalisation*” of the number of meetings, the idea being that as de-centralisation of authority is achieved, joint meetings at the Corporate level need not be as often. At the time of my final set of interviews the previous Forum had been cancelled, and attendance levels had fallen. The JSCC remains, but its meetings have also been halved, to two per year, albeit with the provision for emergency meetings at 21 days’ notice.

The Policy Development Group was already on the wane in July 2000, and while it still meets, it does so infrequently and it too is susceptible to cancellations due to unavailability.

The HR Director considers that a robust and credible policy on employment security is “*an absolute pre-requisite for change management*”, yet beyond the ‘job security and change’ policy for the merger, a local policy has never been discussed at NorthWest NHS Trust, and remains an aspiration for future attention. An HR paper has been tabled to the Forum.

Beneath the Corporate level partnership is “*a patchy process... pockets of excellence, but on the whole 4 or 5 out of 10*” (HR Director). Setting aside the myriad of schemes imposed upon the NHS by central government (including a self-assessment tool for departments that measured seven dimensions of ‘employee involvement’; each Directorate convened a special focus group of staff and managers to rate themselves), there have been some NorthWest innovations. In 1999 the Forum devolved responsibility for spending each department’s Staff Amenities Fund (around £5,000) to staff, with the expectation that departments produce a joint statement on the proposed expenditure for the Forum’s interest.

Among the various Directorates some have developed their own initiatives, but only one had reported – under duress, it seemed - to the Forum by the time the fieldwork was completed. “*Where we’re doing it, it’s more than a ‘tick-in-the-box’... but where it’s not [happening], it’s [line management saying], ‘Oh God, we’ve got a lot*

*on our agenda, here's something else we're having to do', and 'can't quite see the value'... Some see it as just another performance requirement"* (HR Director).

Nursing was cited as having one of the more advanced initiatives. The Director led has a programme called 'Leading Empowered Organisations', and introduced the Directorate's own statement of intent, 'Commitment to my co-workers'. The document comprises a set of behavioural commitments in the first person singular ("*I will...*" and "*I will not...*"), similar in intent and content to the Trust's 1999 statement. The text exhorts staff to use "*the three C's – creating, choosing and collaborating*", rather than "*the three B's – bickering, backbiting and blaming*". Joint problem solving is urged upon all staff, and valuable contributions should be rewarded. The past should be forgotten, allowing for mistakes to be rectified and their threat to working relationships nullified. This 'commitment' was, by the Director's account, very well received. The main nursing union, the RCN, declined to participate officially, a fear put down to a lack of confidence in the process by the Nursing Director.<sup>55</sup> In June 2000 the Nursing Director submitted the statement for consideration by the Forum. It has since been incorporated into a forthcoming Trust-wide staff code of conduct. A working group of Nursing staff has met to identify competencies to support these commitments. Other examples cited approvingly by HR were in Acute Medicine (with its own Partnership Forum), Clinical Support (with a set of informal mini-Forums and team co-ordinators) and Mental Health (joint efforts to improve work routines).

But, on the wards, or in the administrative departments, partnership has yet to translate into anything approaching joint problem solving, the efforts above notwithstanding. Most departments have no consultative practices in place at all, according to one union rep. A nurse interviewed failed to relate his day-to-day involvement within his department to the overall 'partnership' programme (he had not seen the 'Statement of strategic intent'), but he appreciated the regular ward meetings that offered staff an opportunity for input into decisions affecting their own work and the co-ordination of the ward's activities. He found the ward management "*supportive, not autocratic*". However, any proposed changes at local level required

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<sup>55</sup> *It was not possible to interview a union representative from the RCN for this case study.*

the go-ahead from senior management first (where, he felt, there was a *“lack of sympathy”* for ward-specific concerns).

Tellingly, the establishment of each scheme was attributed by many respondents, including the nurse above, to the personal enthusiasm and management qualities of the Directorate’s senior management. The extent of penetration depends *“on the quality and character of individual managers in those divisions”* (non-HR manager); *“some managers involve you, some leave you to it”* (administrative officer). A cleaner claimed that partnership *“doesn’t apply”* to her department, although she appreciated her team’s daily informal briefings. Even within the department represented by one of partnership’s strongest union advocates, joint decision-making remained elusive, the rep feeling that managers lacked the confidence, or *“empowerment”*, to take local decisions themselves, without referring up to superiors: *“If we’d done the management competencies [the education programme planned in 1999] we’d have had this [management confidence/ empowerment]”*. From the shopfloor respondents it would seem that the majority *“don’t really think about”* partnership. Their concerns are local or personal, rather than strategic: *“how often they’re going to get a new uniform, and what colour it is”*, as one example from a ward-based union rep! Those with a fully formed opinion on partnership are supportive but sceptical, rather than hostile.

### **The future? Sustainability.**

Following the May 2001 reforms partnership at NorthWest NHS Trust is in transition. The programme has been re-modelled, and the changes will take time to become embedded, if they do. Despite the ambitions of the 2001 plans, and the fact that nobody within NorthWest NHS Trust is campaigning actively against partnership (this comment coming from one of the more cynical union reps involved), the programme has struggled to maintain its early impetus.

Both the Policy Development Group and even the Forum have witnessed falling attendance levels. Only one manager from the first meeting in September 1998 remains, while one union rep noted that HR had become rather better represented, their number in proportion to the union presence increasing. Both forums had had meetings cancelled around the time of my third set of interviews (although non-

attendance over the summer holidays could have been a factor). The enduring problem of staff representatives being unable to secure time off from their busy work schedules, coping with the resentment of their short-staffed line managers, was affecting union participation in the process: *"The joint approach does take more time, and with partnership and all the other initiatives, then my normal rep duties, and then my actual job – where there's been no reduced case-load – time is a real problem"* (ward-based union rep). The same union rep pointed out that the Corporate level has not applied much pressure upon the Directorate managers to release reps involved in partnership, and that none were on *paid* time off; indeed, the Trust's senior managers insist that each union should pay for their representatives' time off for union duties, even those to do with partnership. One manager, a disillusioned architect of the original forums, felt that the twin loss of momentum was a signal of both forums' perceived lack of worth in the eyes of the HR Director. Others also expressed concern about their decline in influence. But the HR Director prefers to interpret this as the passing of the 'old' partnership programme for the revised and improved version.

Given the stagnation, the unions have reverted to the certainties, and the strong negotiating position, provided by the Whitley-ist JSCC. During the first round of interviews for this case study [July 2000], there had been some uncertainty as to the future role of the JSCC, since it appeared that widespread support for the Partnership Forum might eventually render the 'old-fashioned' Whitley committee an unneeded anachronism. But when the partnership process stalled during 2001, the agendas at both the Forum and the JSCC began to overlap. The Forum saw 'Any Other Business' being filled with union grievances, in contrast to the desired joint problem solving approach. A number of the sceptical/ disillusioned unions also brought unresolved agenda items from the Forum to the more combative negotiations in the JSCC: *"The agenda's not changed in both. It's the same, month in, month out. It's sat still"* (manager). A union rep concurred: disagreements, pedantic amendments and the cancellation of meetings mean that seeing the same items on the agenda each time is dispiriting, and acts as a disincentive to turn up. A frustrated HR manager criticised one of the main unions for *"playing games"* with attendance to stall the partnership, and one rep did confess that, on occasion, with a deadline looming for a policy to be signed off, (s)he will use attendance as a bargaining tool. The staff side

representatives' insistence that they need to consult properly with their members has slowed the process of producing policy; the staff side seem to lack, or are uncomfortable with, a permanent mandate to endorse policy decisions. The HR Director discerned two different "*temperaments*" in each of the forums. The JSCC has managers preoccupied with the costs of initiatives, and the unions anguishing over concerns about their members' interests being compromised. The Forum is "*softer, nicer, constructive*". This is in spite of the fact that, but for two individuals, the same people sit on each. The contrast in style is indicative of the contradictions bedevilling partnership in NorthWest NHS Trust.

From the interviews, and general NHS press cuttings, it is apparent that partnership demands a style of management that has not been encouraged, still less nurtured, within the NHS for some time. The 'partners' accept that their process of employee involvement in decision-making has the potential to disenfranchise managers, to "*dilute their power*" (technician union rep); "*the senior management want employee involvement, but the line managers feel threatened*" (ward-based union rep). Managerial resistance points to "*a significant lingering of the old [macho management] culture*", the since departed Chairman believed. Disciplinary cases, from one or two per quarter (in May 2000, according to the then Head of HR) have "*gone through the roof*" (according to a technician rep, who attributed it to HR's new combative style of recommending to line management the disciplinary process, but stressed that this was contrary to the Director's devolved vision).

Accepting the hitherto negligence toward training and organisational support for the new behaviours and attitudes, the Trust has discussed what might feature in a competency framework to support partnership, with the unions taking the lead. One has tabled suggestions and set up a project team. (See the 'Analysis' for contrasting accounts of which competencies should feature in the finished training programme.) The educational programme remains in the pipeline, having been through "*umpteenth hoops*" (HR Director). The competency framework may eventually form part of the appraisal of managers, as well as guiding the Trust's future recruitment into those positions.

The next move forward [as at October 2001] was a joint effort to write a(nother) mission statement of shared values.

In summary, employee relations at NorthWest NHS Trust have advanced a long way toward partnership since the first meeting in 1998, but differing accounts suggest that the campaign has either taken a new direction, or has stalled, or even gone into reverse. The inconsistency of viewpoints does point to a fractured and discordant process. In any case, the Trust's priority of meeting performance targets - "*whatever the government tells us to do*" - has sidelined the partnership programme; partnership is no longer considered, it would seem, the route to secure these targets, but an adjunct to it.

Before his departure in May 2001 for a strategic national position in the NHS, the Chairman articulated an aspirational path from information sharing and consultation, toward joint influence, and eventually joint decision-making. It is not, as yet, clear by which route the Trust will cross the threshold from the former to the latter, if indeed it will.

One of the senior staff side representatives explained that he viewed the partnership process as being one of evolution rather than revolution, and that this incremental approach was probably the best to take. NorthWest NHS Trust would appear to be at a crucial stage in evolution that may see partnership spread throughout the Trust, or slowly wither under other pressures.

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#### **Case study 4 – NorthWest NHS Trust. Analysis section: Partnership.**

In this section I first examine the extent to which the people management practices within NorthWest coincide with the IPA partnership model. I then go on to discuss how the partnership developed, relating its progress to the model in Figure 4, and then I assess the nature of the partnership arrangements.

Table 13 indicates that there is a burgeoning partnership taking shape, according to the IPA model, but ambiguities and confusions and even conflicts require one to suspend judgement on several elements (indicated with a '?'):

**Table 13 – Partnership at NorthWest NHS Trust.**

Partnership element	Present?
Joint commitment to the success of the enterprise	☺
Recognition of the legitimate interests of each party	☺/?
Building trust-based relationships	☺
Increasing employee involvement	☺/?
Extensive information sharing	☺/?
Consultation with employees at workplace and organisational level	☺/?
Employment security provisions (in exchange for flexible work practices)	☺
Sharing the success of the enterprise	☺

### **Principles.**

All parties aspire to the success of the Trust's service to its community. This is not contentious, and is widely endorsed, as one might expect it to be throughout the NHS. The imperative to improve the Trust's industrial relations processes, in particular forging greater levels of trust by involving all stakeholders, has also been explicitly acknowledged. Similarly, the *principle* that all parties should collaborate to extend employee involvement will find few, if any, dissenters.

But the unresolved paradox is that these principles lend themselves to competing interpretations, and competing prescriptions for implementing them in practice. Especially contentious would seem to be the role of the recognised trade unions. (See 'Analysis' below.)

### **Practices.**

The intended structures for information sharing, staff consultation, employee involvement and joint problem solving are comprehensive, across all three levels of the organisation. Moreover they are intended to encompass far-reaching agendas from the Trust's strategic direction to workplace activities in every department. However, the evidence gathered here does not suggest that what presently exists as consultative machinery and joint problem solving mechanisms matches the ambitions of the May 2001 model. Partnership throughout NorthWest NHS Trust is "*patchy*", and predominantly confined to discussions at senior level, with one or two initiatives in partnership-minded Directorates. Even at Corporate level there are mutterings of tokenism and lip service, and a lack of real conviction.

The clashes between managers and unions in each of the Trust's key forums - the JSCC, the Partnership Forum, and the Policy Development Group - over such fundamentals as composition, agenda, frequency and style of the 'partnership' consultation are testament to a weak and incoherent process. Furthermore, while the reduction in formal exchanges has a logic arising from the agreed ambition to devolve joint decision-making to the Local level, this is surely a curious development at a time when partnership at the local level is so haphazard and unconvincing in the majority of the Trust's workplaces.

It is still more bewildering that the devolving process will be allowed to "*evolve*", and that the Forum exists only to *encourage* partnership, rather than to impose it as the Trust's ideal approach to managing its operations. The proposed system of team briefings meanwhile - to "*receive speedy and regular feedback from employees as to their views on the information provided*" [by the senior Partnership Group] - sound more like occasions requiring managers to 'listen' to their staff than a determined effort to introduce joint problem solving.

In terms of the other components of partnership, the need to balance the Trust's desire for more flexible work practices with employees' concerns over employment security was acknowledged in the first statement, but not the second, although the HR Director is keen to address the issue. However, in the NHS employment security is less of a concern than it is for other sectors.

Similarly, sharing success is difficult in monetary terms in the public sector, but it is clear that NorthWest NHS Trust has sought to promote its partnership credentials and celebrate its joint wins (when they happen, and if the management remembers all of the 'partners').

#### **Analysis: the nature of partnership at NorthWest NHS Trust.**

The paradox of partnership at NorthWest revolves, firstly, around what its stated principles – to which all parties have signed up - imply for the conduct of formalised collective employment relations and particularly for the role and influence of



recognised trade unions; and secondly, how partnership principles should be implemented in a traditional, multi-union environment.

The May 2001 partnership is potentially a very strong model. It provides for joint strategic discussions between managers and employee representatives (including the recognised trade unions) at both the Executive and senior management levels. This consultation is then reproduced at the strategic apex of each Directorate, and locally tailored employee involvement practices spread joint problem solving and staff input into each individual workplace. The question is one of where the emphasis falls.

As the HR Director co-ordinates the programme, almost unilaterally, his definition is critical. When interviewed, he confirmed partnership's elasticity: *"It can mean what you want it to mean if the partners agree to the definition"*. Under this conceptualisation the content of a partnership is restricted only by what can be negotiated among the 'partners', or even imposed by one or more 'partners' on the others; partnership itself has no *a priori* requirements philosophically, such as those argued in the IPA model and others (see chapter one). He explained in his proposition paper for the May 2001 reforms that NorthWest NHS Trust's partnership was *"representative-based"* [i.e.: conducted through the trade unions], rather than *"individual-based"*. In interview, he saw partnership including *"representative mechanisms that allow the organisation to transcend traditional IR positions, and allow for an involved workforce."* But it is clear that, for him, direct employee involvement was *"the big prize"*, particularly as a *"management ethos"*.

Thus, there is a tension, perhaps even an ideological dilemma, at the heart of the developing conceptualisation of partnership between direct and indirect forms, or inputs. This was articulated in the proposition paper thus: *"We need to agree on whether partnership is a substitute for joint consultation or joint consultation is a necessary part of partnership"* – an extraordinary, almost rhetorical, question to pose given what had been formulated before.

In trying to position the programme's leader in terms of his support for the role of trade unions, the bulk of the evidence implies that he is, at best, equivocal. During one interview he voiced general scepticism about the value of collective forms of

representation in today's more atomised, individualistic society, even going so far as to suggest that with effective management the need for "*independent representation*" of the workforce as "*an interest group*" can be eliminated. When directly challenged about marginalisation of the unions, he denied this was his intention, and endorsed trade unions as "*a good thing*", providing "*checks and balances*". However, later in the same interview he addressed the difficult issue about joint processes, that they can be slow and cumbersome, with a comment highlighting "*a conflict between [the unions' need to ensure their own internal] democracy [i.e.: consulting their members continually and adequately] and administrative effectiveness... You have to continually pose the question, 'what is the purpose for using partnership?' Is it for employee involvement and 'inclusivity', or for better policy outcomes?*" (When he saw this comment in black and white in a draft of the case study for the IPA he retracted vehemently, citing his Scottish socialist upbringing. But the ready sacrifice of democracy – implied - raised a wry smile from one or two of his colleagues.)

Elsewhere in the same interview he wondered aloud whether certain issues lent themselves to a partnership approach or to a more 'traditional' approach. The traditional and partnership approaches may not be mutually exclusive. As might have been predicted, mixing and matching between the two approaches has presented the 'partners' with a number of awkward confrontations. So it has proved, with the contrasting styles in the Forum and the JSCC. Additionally, several respondents – not exclusively from the unions – commented that other senior managers support "*partnership when it suits them*"; "*when the cap fits*".

It would not be fair to lay the majority of blame for the inertia and apathy upon the HR Director. Commitment to the process should come from the unions, as well: "*We [the Trust's senior managers] have to go out and sell partnership to line managers... But the staff side reps have a parallel duty to ours to promote partnership to their members*", argued the former Chairman. In interview, managers lamented staff side representatives presenting negative experiences, grievances and "*shock stories*" to the joint committees. Union participation is itself fragmented, and for the most part, would seem to be either 'enthusiastic but frustrated', or 'involved but cynical and calculative'. One union rep (for technicians) offered that the unions

representing the lower-paid echelons of the workforce (primarily UNISON) were threatened by employee involvement, since it entailed a challenge to the union as the single channel for employee voice. This union rep saw no problem with managers consulting staff directly about change, and only envisaged unions being marginalised if they *“walk away... But if we get involved our skills as reps should convince people that are not union members that we’re best for them, whether as union reps or as staff reps”*. The different levels of conviction in the process, as presently constituted, among the unions is undermining progress.

With partnership, union reps are prone to the accusation from some among their membership of being little more than *“management ‘lackeys’... You see, I’m supposed to go in and shout at managers, that’s my job!”* one joked. A Finance manager set out the predicament of a clash of responsibilities for union representatives: to represent their members’ best interests while engaging with the managerial agenda that in all likelihood might challenge those best interests. A technician-based rep saw no such conflict in member representation under partnership:

*“Under partnership the edges do get blurred... But my job is to improve the working lives of my members, and as long as partnership does not disadvantage them, I’ll stay involved. I can’t really influence decisions on pay and terms and conditions [still set at a national level; they have not introduced local pay bargaining at NorthWest], but I can influence the working environment: facilities, processes and policies, management style... We need, though, to show partnership’s gains to our members.”*

Another reflected on the fear of collusion with management thus: *“We can see [partnership] is a ‘good thing’, but with caveats attached. Plus, there’s the ‘what’s-in-it-for-[members]?’ question to answer”*. For this rep, it was up to the union reps to ensure that their members did not view partnership as collusion, and incorporation. One union rep agreed that, while the unions *“do genuinely see partnership as a worthwhile exercise”*, many colleagues feel *“frustrations and cynicism”* from time to time, particularly when dealing with disinterest, even hostility, at line management level.

Persuading line managers of the virtues and potential of the changes when they may feel threatened by, and resentful toward, its incursion into their domain is another challenge. A ward-based union rep described the reticence: *“When you test their*

*genuine commitment, it can seem more like a 'tick-in-the-box' exercise" than partnership. In the week before he left, the former Head of HR concluded ruefully that "HR can set a partnership up, but sustainability comes from leaders elsewhere... We have to trust leaders - management and union reps - to drive the process. The management style - at whatever level, it doesn't matter - is the most important thing."* Contradictory behaviour on the part of managers can *"allow the 'old wine in new bottles' feeling to fester. Cumulatively this builds up, to resistance and cynicism. If your behaviour is not in line with your thinking, and people pick up on this, then partnership is an illusion"*, he said. An awareness of, and sensitivity to, staff issues were also important, but difficult to inculcate.

Partnership implies fresh attitudes and behaviours. When asked what these might be, the answers from interviewees were illuminating. For the Chairman, the primary skill needed is a *"coaching"* style of management, away from the *"comfort zone of traditional command-and-control"*. This involves an ability to communicate well, to administer praise and criticism effectively. Also cited was leadership, *"both transformational"* (eliciting staff commitment to major change programmes) and *"transactional"* (the collaborative conduct of everyday relations over comparatively minor matters). The HR Director spoke too of *"management competencies that facilitate individuals to be true partners at work... and that enhance patient care"*, such as the *"ability to see things objectively, patience to deal with the forward and backward movement of relations during the process"*, as well as *"an act of faith"* and *"force of will: hard work, in other words"*. An HR manager identified as critical *"recognition of employee involvement as being a 'good thing' in itself"*, as well as *"openness"* when communicating with staff, rather than secrecy and hoarding information. One manager opted for *"confidence and ability to do your job, because if you know your work you are not afraid to open up, and can be an equal among staff and pool everyone's ideas into a strong plan"*.

In summary, the emphasis of the partnership at NorthWest NHS Trust has been shifted toward direct forms of involvement, to the dismay of one or two of the original architects among the managers, and to the annoyance of UNISON, which remains involved, but from an *"exasperated"* and *"cynical"* standpoint. The evident

lack of a commonly shared vision, being enthusiastically pursued, does not appear to bode well for the future.

**Analysis: progress toward partnership and trust.**

Progress toward partnership has followed the trust model (Figure 4) quite closely, although it would seem that momentum has stalled in Stage 2, the “*maintenance*” of trust.

There was no crisis at NorthWest that precipitated the move toward partnership, more a desire to improve industrial relations. The catalyst was the arrival of the new Chairman in 1996, and the impetus from the election of the New Labour government the following year helped. The inception of the ‘talks’ (1a) was secured on the understanding that they were exploratory, with no prior commitment to any process; this allowed the wary unions to take part, and make the ‘leap of faith’ into the process, confident that they could withdraw at any stage. The talks themselves began badly, with bickering and complaints, but the Chairman recognised – shrewdly, given the recommendations in the trust literature – to allow for the grievances to be raised, and the air to be cleared, before moving on. This required considerable patience and understanding. (One union representative thought that, in retrospect, all parties might have benefited from a ‘bonding’/ ‘getting-to-know-you’ session prior to the first formal engagement with the controversial partnership agenda, and again the literature suggests that this would have been helpful.)

The determination to generate some small-scale joint wins (2a) in the early stages demonstrated a commitment to joint decision-making from all parties - “*All of these efforts move us to higher and higher levels of trust*”, the Chairman declared - and clearly propelled the process toward the first joint partnership statement in July 1999 (1b). The ‘SID’ event in March 2000 seemed to cement the new joint process (2b).

The first agreement had three main weaknesses, at least in so far as developing partnership and trust is concerned. Firstly, it contained only aspirations and platitudes, rather than firm commitments and recourse to sanctions; as such it was almost impossible to contest, but equally very difficult to implement and enforce. Secondly, the lack of firm proposals, and the delay in acting upon the few firm objectives contained in the text (particularly the “*education programme*” for line

management) meant that the process failed to advance significantly. Finally, the agreement neither sought nor received the approval of the wider workforce, marginalising the programme and denying it the strength of a mandate from the workforce. This too appears misjudged, since it seems that it would likely have been well received. All three weaknesses meant that when a new leader for the programme arrived, the terms of engagement were susceptible to revision.

The Trust wanted the new HR Director to improve the partnership, and he used his prerogative to re-direct the programme according to his own vision. This he did, breaking to a considerable extent with the consensual joint decision-making process that had been established. A number of participants interpreted this shift in style as a 'defection' and, while none withdrew from the partnership (arrow 'a'), these partial reverses seemed to breach some of the goodwill built up, and induced a sense of apathy. Some – including managers - reverted to a search for evidence of the Trust's continued desire to conduct relations on the basis of partnership and/or trust (arrow 'b'). Others did not see the May 2001 reforms as a 'defection' however, but lamented the stasis, a union rep typifying this interpretation of events which has arisen, he believes, from the gradual progression away from "*antagonistic*" relations to parties agreeing on the nature of the problem, but feeling "*uncomfortable with discussions on the next moves forward, because we might enter a conflict-zone*". For him, the key players have come to resemble:

*"a club... with cosy monthly discussions. It's lost its edge... too much patting on the back. We're not actually doing it [partnership]. If joint decision-making isn't taking place at the bottom, or at the top, then nothing's happening! We need a bit of conflict!"*

The inertia may be because the new model is taking time to become embedded but the programme has been poorly managed, and the fractious relations, while still cordial, do not appear to have advanced toward enhanced levels of trust.

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#### **Case study 4 – NorthWest NHS Trust. Analysis section: Trust.**

I returned to NorthWest NHS Trust to interview four respondents, selected by myself. I had interviewed each of them previously. Each was shown the degrees of trust diagram set out in the Methodology chapter, and given enough time to read

and digest the implications of each definition before offering their thoughts. (I turned the tape recorder off to prevent any anxiety that the long silence being recorded may have caused.)

In this section I discuss the respondents' appraisal of the degrees of trust present within the organisation, with their explanations and justifications for their analysis, including any evidence provided in support of their assertions. Where any were offered, I discuss the respondents' own definitions or commentary on the nature of trust at work, and also their thoughts on what might assist in the development of trust at work, and what might constrain or threaten it. Their responses are captured in Table 14:

**Table 14 – NorthWest NHS Trust respondents on trust continuum.**<sup>56</sup>

	<b>BEFORE P'SHIP (before 1998).</b>	<b>AT P'SHIP (1998).</b>	<b>2001.</b>
<b>HR DIRECTOR (March 2000 – present)</b>	-	-	K-b/T to R-b/T (I-b/T); D-b/T to I-b/T
<b>HR MANAGER (before 1996 – present)</b>	D-b/T	C-b/T to K-b/T (R-b/T)	C-b/T to K-b/T
<b>UNISON REP</b>	K-b/T	-	C-b/T to K-b/T
<b>MSF REP</b>	D-b/T	K-b/T	R-b/T

The semi-colons separate respondents' comments on the nature of different relationships at work.

Taking each in turn, the HR Director sees the Forum as still a positive experience, reporting relations “*tending toward*” knowledge-based trust, and “*possibly*” relational-based trust among the key players. The work on defining the Trust's values (the revised mission statement) even saw agendas converge to the extent that an identification-based trust was (briefly) fostered. Quality of trust would seem to depend upon who is involved, and accordingly runs the full gamut from deterrence-based trust (some protagonists, including a few “*class war types*”, retain a clear preference for conflictual relations as the best strategy for industrial relations)

<sup>56</sup> **KEY:** D-b/ T = deterrence-based trust; C-b/T = calculus-based trust; K-b/T = knowledge-based trust; R-b/ T = relational-based trust; I-b/ T = identification-based trust.

through knowledge-based trust to identification-based trust. This dispersal of approaches emphasises the fractious nature of the partnership, I would suggest. Reflecting generally on the influences on which quality of trust emerges, he cited “*fairness and consistency [feeding] perceptions of trust*”. In addition, “*diplomatic skills*” – the ability to deal with problems – were useful. But in particular, “*certain people you like. You can be prepared to give them the benefit of the doubt, if you like them, but if someone you don’t like does the same thing you get suspicious*”. He conceded that most of the Trust’s employees probably had a low degree of trust in the organisation: “*They still see mistakes as a conspiracy, not a cock-up*”.

The HR manager had been in on the partnership programme from the outset, and in interview regularly indicated her transparent preference for the original vision over that being implemented after the May 2001 reforms by a boss that she did not especially get on well with, and so these comments ought perhaps to be considered with these personal enmities in mind. She described relations prior to the partnership effort in 1998 as being wholly without trust (deterrence-based). Around the time of the joint composition of the ‘Statement of strategic intent’ relations thawed into a cautious, tentative calculus-based trust that, as parties “*made in-roads... doing something together*”, moved toward knowledge-based trust. The participants got to know each other well during the frequent meetings. After the success of the ‘SID’ event, when “*the ‘staff side’ and managers got something out of it*”, relations developed, in her view, toward relational-based trust. What she referred to as “*changes in personnel*” led to a reappraisal that inserted a certain distance between parties – it “*put the heckles up*” among the staff side, and restored the “*vulnerability*” - returning to a knowledge-based trust. Relations now “*swing between*” calculus- and knowledge-based trust. She too cited different personal characteristics as being important antecedents for trust-based relations, by which she meant “*being open*” and “*wanting to take things forward*”.

The UNISON representative examined the definitions of the different degrees of trust, and considered that, with the relations between the senior players, little had changed from the time before partnership to the present day. She had always found relationships to most closely resemble knowledge-based trust: “*We never did have table thumping, and ‘everybody out’ here, we never had really bad relations*”. She



mused that perhaps the more compact, smaller group involved in industrial relations then meant that personal relationships were easier to manage. As for relations under partnership, *"I don't feel they're out to stab us in the back; I don't think they're playing games with us"*. But, she added that this view might reflect more her natural pre-disposition toward trust than a dispassionate assessment of the Trust's industrial relations: *"My own manager has a go at me about this, but I tend to see the positive in most people. I like most people"*. Her negative views toward the partnership do not revolve around the quality of trust, but *"more about people's sincerity"* – itself a part of trust, of course. (This comment illustrates the limitations in presenting respondents with these complex definitions 'on spec'.) In a previous interview she had highlighted the problem of instilling a partnership ethos at the local level, and the potential for the key players' debate to become detached from the realities for the workforce as a whole: *"Can you trust your line manager? That's the thing. Staff don't have a working relationship with the senior management."*

The MSF union representative elected to separate relations at senior level from those within his own department. On the former he agreed with the HR manager that prior to the first talks on a putative partnership, relations were *"definitely"* deterrence-based: *"There was mistrust on both sides, there was always an ulterior motive to whatever they [management] did"* (respondent's emphasis). The partnership initiative meant that *"we had worked enough together that there was much less reliance on the threat of sanction..."* However, the King's Fund incident (see above) did undermine trust, and did lead to the union having recourse to sanctions - resignation from the Forum - to reinforce the anticipated behaviours: *"Once you make a statement and you're found to have lied"*, he said, *"the whole package goes out of the window."* In a previous interview, reflecting on the Kings' Fund incident, he had admitted: *"It takes a lot to maintain this new way of working; it needs pushing all the time"*. In 2001 relations *"might have swung a bit too far the other way"* [from deterrence-based trust] toward a too cosy relational-based trust: *"We need to get the balance back"*. He cited as roots of trust *"openness, complete openness"* and *"not being afraid to make difficult decisions, if you have the arguments to back it up"*.

In summary, there is some evidence from the three respondents who have been involved in the programme from the outset that the process of engaging in some form of partnership did indeed improve the quality of trust in the organisation's industrial relations. Two reported a move from deterrence-based trust to knowledge-based trust, and even relational-based trust; the other saw no damage done to relations. In the second phase of the partnership, the era led by the new HR Director, opinion fragments rather, with some individuals reporting a decline in trust levels, but others reporting improved quality in relations.

How to account for this? The respondents' analysis was disappointingly limited. However, I would argue that the fact that respondents each see markedly different degrees of trust operating within the Trust, and that the degrees of trust seem dependent upon personal pre-dispositions and the conduct of one-to-one relationships, offers some evidence that the NorthWest partnership is not an established, convincing and widely endorsed programme. One hypothesis, suggested in the introduction, is that in a fully-functioning partnership organisation one would expect there to be rather more consistency in favourable viewpoints than in a less robust partnership. Similarly, reporting of conflict and antagonisms ought to be much reduced in a strong partnership. Sadly, even within the partnership group, the process at NorthWest NHS Trust suffers from fissures (between HR and the unions; among the unions themselves, and even within HR).

The literature on trust and co-operation suggest a number of reasons for these findings. The first suggests that the 1999 agreement was simply too weak a commitment to partnership principles: too easy to agree to, too easy to ignore in certain circumstances. Its vague aspirations were not enough to sustain partnership; they needed a complementary set of partnership practices to support, enforce and 'police' the principles, either in place already or installed quickly before the warm afterglow of the agreement faded. Secondly, partnership – as any change programme – is prone to upheaval upon the arrival of a new leader; there needs to be processes in place to manage changes among key personnel. Steps to implement partnership practices – as suggested above – can address this weakness. Thirdly, the present process seems preoccupied with structures and agendas, and has thus far neglected to attend to developing and enhancing (and policing) participants' attitudes and

behaviours, in particular their efforts to build mutual trust. If anything, it would seem that senior managers, and some of the union representatives, have reverted to 'distributive' bargaining tactics, and away from 'integrative' joint problem solving. In addition, one union would appear to be using 'Consistent Reciprocity' (see chapter two). A cycle of mutual suspicion has begun (although, I concede, neither party chose to acknowledge this formally when confronted with the continuum). Fourthly, the senior managers' switching of styles – from partnership to bargaining, as the issue (apparently) demands, with at least one of the main trade unions reacting with appropriately defensive behaviours – mitigates against the demonstration of consistency and integrity. This further renders the trust-building process harder to realise. Further, although the new partnership structures were approved among the key players, the endorsement does not appear to have been made with much conviction, and the workforce has not been given any input, or the chance to approve. The absence of universally-acknowledged legitimacy means that contrary behaviours, from both sides, can continue almost with impunity, even though all parties remain engaged in the partnership process.

Finally, the new partnership structures are not firmly embedded at any level, and few organisational resources are being made available for them to be implemented. Thus, the ambition of partnership can be undermined by contrary behaviours at any level, and can come to be seen as the cosmetic, half-hearted exercise that some within the Trust already suspect it to be.

## **Conclusion.**

The experience of partnership at NorthWest NHS Trust highlights a number of the idea's major implications. The first is that the respondents' reported degrees of trust indicate, again, that partnership can and does improve relationships. But the process must be sustained. While it is a difficult process to stop, and certainly cannot be switched on and off at will, the need to demonstrate joint wins must be ongoing. This is because partnership, and trust, raises parties' expectations that need to be met, but also because inertia undermines progress, and induces cynicism that is hard to overcome. However, more positively, the enduring process here – despite a prolonged bout of inertia and even low-level conflict – suggests that, as long as there are no serious 'defections', parties engaged in partnership can tolerate inertia and

even ineffectiveness if their own convictions remain high. Relatedly, while there is no serious defection, the alternative of adversarialism remains unattractive. Partnership may seem little better, but of the two, it is preferred.

Less optimistically, partnership can have many definitions, and these can assume very different ideological hues, particularly over the role and influence of trade unions, and partnership is susceptible to radical alteration or termination by the arrival of new leaders, unless it is either embedded or the upheaval caused by change in key personnel is managed sensitively and jointly. Finally, without a clear and legitimate mandate, or enforceable parameters beyond which no participant is allowed to cross, partnership is susceptible to being undermined by contrary behaviours, and these contrary behaviours may come from any part of the organisation. Partnership implemented in a piecemeal fashion – as it would seem to have been done in NorthWest NHS Trust – is unlikely to succeed.

## **7. Conclusions.**

These conclusions must necessarily be tempered by a number of disclaimers about the limitations of my research. What follows ought not really to be considered ‘facts’, as such; more properly, these are my inferences from the evidence that I was able to gather based on the personal testimonies of a relatively small number of selected respondents in each organisation. This points up two unavoidable weaknesses of qualitative case study research methods. The first concern is, ‘whose voices are we hearing here?’ The second is, ‘are the testimonies honest?’

Time and resource constraints prevented me from conducting interviews among a larger, and perhaps more representative cross-section sample of the workforce. I had to restrict the number of respondents, and also the characteristics of respondents. Although I requested access to, and conducted interviews with, a uniquely wide range of employees in each organisation – including most of the ‘key players’, as well as uninvolved ‘shop floor’ employees and ‘dissenters’ – it would not be right to claim that each set of respondents constitutes a representative sample of opinion in their organisation. In particular, I was not able to consult with workers who might be considered peripheral to the partnership process (those on part-time contracts; those in departments not directly involved, such as marketing, and also those actively opposed to the partnership - although I was led to believe, in each case, that this was very much a minority viewpoint). That said, what insights I could glean from the ‘shop floor’ respondents were somewhat under-developed, and their lack of detailed reflection on partnership has necessarily diminished the ‘shop floor’ voice in these studies. (This is certainly not to imply criticism of the ‘shop floor’ respondents, incidentally, merely an observation.) I consider below the theoretical implications of the paucity of shop floor commentary, but methodologically, it is a regret that I did not ask ‘shop floor’ respondents to discuss the five degrees of trust (although when I did – in EngineParts - the respondent declined to comment!) Another silent constituency here is the strategic decision-makers in EngineParts’ and WhiskyCo’s parent companies, and NorthWest NHS Trust’s Board and the Department of Health, for whom partnership may have been critical to their decisions (as implied in both EngineParts and WhiskyCo), or an irrelevance.

The second significant weakness of case studies' reliance on partial narrative accounts is that the 'key players' – in this case, the architects of the partnership – might be expected to have a vested psychological (and perhaps career) interest in promoting as favourable an image as possible of their own ability and accomplishments, their own competence and character. There is a temptation to edit, distort, play down and play up incidents and interventions in a personally favourable light, and perhaps to 'smoothe' out the narrative flow of events – something Marchington warned against (1995). While my efforts to triangulate the data, and to corroborate testimonies among the respondents, have reduced the possibility of such distortions (see the methodology chapter), it is likely that some will have slipped through.

Finally, my own input: in producing these studies I have necessarily had to select and edit respondents' testimonies in order to describe and explain the partnership in each organisation. I do not claim that the case studies are definitive accounts (no such 'truth' is possible), but they do portray as accurate as possible an account of the partnership in each organisation, and I would be astonished if another researcher went into any of the four enterprises to interview the same people, and came out with a markedly different interpretation of what happened.

With these disclaimers in mind, the case studies do nevertheless generate an abundance of intriguing common themes, generalisable learning points and testable hypotheses for future research.

It is clear from the four case studies presented here that the partnership model of managing and controlling work is a viable one. It has demonstrated its potential and attractiveness in four very different settings (private and public, unionised and non-unionised, and in different sectors).

It is also a programme that can become embedded and last for many years, rather than be yet another peripheral, or flavour-of-the-month, initiative.<sup>57</sup> In all four organisations the partnership has overcome significant challenges and threats to its

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<sup>57</sup> While the decision on when the 'partnership' era began in each case study is a matter of personal discretion, I would argue that the time-spans range from 18 years (EngineParts) and 14 years (SchoolWear) to 6 years (WhiskyCo) and 2 years (NorthWest NHS Trust).

viability and even its underlying principles. (Indeed, it will be interesting to learn what would be considered a crisis too far, when partnership is no longer conceivable.)

The bulk of the self-reports from the respondents in the second round of interviews suggest an identifiable causal relationship between partnership and increased levels of trust. While a certain caution must necessarily be flagged up about respondents commenting upon different relationships (separated by semi-colons in the case studies' tables), and also their analysis being influenced by their own pre-dispositions toward trust (witness the NorthWest NHS UNISON rep, and EngineParts' HR officer) and personal experiences, nevertheless respondents' accounts of shifts in degrees of trust tallied consistently with the overall narrative of the partnership. Trust improved, often dramatically, following the partnership agreement in the unionised studies (particularly at EngineParts and WhiskyCo, and to some extent at NorthWest NHS Trust), while the experience of non-unionised SchoolWear is that the 'partnership' bundle of principles and practices had already generated very high levels of trust without a formal agreement.

I would further venture to argue that the diagrammatic representation of the progress toward partnership and trust detailed in Figure 4 has proved accurate, and is potentially predictive of future outcomes. For example:

- In each case study, with perhaps the exception of SchoolWear, there was an identifiable 'leap of faith' into talks (1a). Information sharing, including of commercially sensitive data and plans, was found to be a powerful catalyst for initiating the debate (notably at EngineParts and WhiskyCo).
- Producing a jointly designed partnership agreement (1b) did act as a catalyst for improved relationships based on trust, as did demonstrations that joint problem solving could generate mutual gains (2a). In EngineParts, WhiskyCo and NorthWest NHS Trust the very process of joint problem solving, in particular over the design of the partnership agreement itself, led to a reappraisal of trust relations *before* the deal had been approved – justifying the conjoinment of boxes 1b and 2a.
- The experience post-partnership (2b, 3a and 3b) of continued joint problem solving and mutual gains does appear to have had a powerful positive effect

on the quality of trust reported. Reports of identification-based trust constitute an extraordinary finding, especially given the antagonistic histories at WhiskyCo and EngineParts.

- NorthWest NHS Trust and WhiskyCo both experienced ‘inertia’ when the joint problem solving began to struggle to deliver joint wins, or a satisfactory process for one constituency.
- Responses to ‘defections’ appear to have fallen into the three categories suggested – dissolution, reaffirmation and tolerance – at the stages indicated in my theory. Both WhiskyCo and EngineParts experienced a ‘reaffirmation’ response from the unions to a perceived managerial defection, while the failed business venture at SchoolWear was considered a matter of regret rather than resentment. In each case the levels of trust were strong enough to withstand the threat posed by the defection. Hearteningly, none of these incidents prompted a ‘dissolution’ of the partnership.

It is apparent from all four case studies that partnership has transformed the atmosphere, or spirit, of employment relations (except for SchoolWear, where it affirmed already very positive relations). The reflections gathered in the second round of interviews overwhelmingly (though not unanimously) point to transparently major shifts in the qualitative nature of trust-based relations. As the partnership became embedded, and demonstrated its value to the key players, so the trust strengthened. Where partnership was not so convincingly embedded – within NorthWest NHS Trust – the trust remained fickle, disparate and lacked cohesion among the participants.

These enhanced trust levels are however not a permanent state of affairs; the trust remains perennially prone to disruption and abuse (such as at WhiskyCo, NorthWest NHS Trust, and maybe, soon, at EngineParts?)

### **Between whom is the trust/ partnership forged?**

A major finding is that this enhanced trust seems to be confined in the main to the senior key players in the management and trade unions/ workforce teams, and is *not* replicated to anything like the same extent in the relationship between the organisation and shopfloor/ ordinary employees in general. This was found to be the



case not only in the three unionised enterprises (was it not ever thus?), but fascinatingly, also within the non-unionised firm, SchoolWear.

This surprising and universal finding reveals a detached ambivalence toward partnership among non-key players, even in long-standing arrangements (such as at EngineParts - hilariously so, in the case of one 50+ shopfloor worker who described his working life as “*all right*” during the tumultuous 1970s, and “*all right*” under partnership!) Partnership seems not to have shifted ‘rank-and-file’ attitudes to any noteworthy degree; each of the GMB ballots at WhiskyCo saw the same percentage voting in favour and against the partnership, for example. For those on the shopfloor, partnership’s impact on their thinking, and indeed their view of the organisation, seems minimal.

For the key players, however, it is apparent that partnership plays a powerful role in their working lives, and establishes some very strong friendships, indeed (including identification-based trust).

So, the partnership is mainly conducted between the key players as individuals (as Salamon indicated: 1998). A ‘partnership elite’ is created that jointly engages in a *principled and positive* process of joint problem solving, primarily between themselves, to manage the organisation’s employment relations issues more co-operatively. This process designs and implements mutual gains policies and practices. A partnership agreement endows these individuals with the authority to seek commitment to change from their respective constituencies; employees, if they do not resist outright, can be expected to go along with the agreed change programme (though, as WhiskyCo compellingly illustrates, even this is not guaranteed).

This finding challenges the more extravagant claims for partnership as an organisation-wide cultural change programme as, surely, fanciful. Indeed, I would predict that even within these established and, I consider, impressive partnership

companies, staff surveys would reveal low levels of awareness of, let alone enthusiasm for, partnership, and still less for the nuances of the debate.<sup>58</sup>

This discrepancy in trust levels can be readily explained by the trust literature. Firstly, trust emerges from observable demonstrations of beneficial trustworthiness. The individuals most immediately involved in partnership engage with each other much more frequently, on commonly agreed agendas, seeking mutually beneficial outcomes, in often emotionally-charged meetings. The trust literature suggests that this process will, if conducted in a consistent manner, inevitably improve trust levels among these individuals. Those outside the process are unlikely to develop the same body of evidence, and are also unable to exert much influence on the process, and so – as the trust literature would infer – these employees are much more likely to feel vulnerable and uncertain, and are much less confident in bestowing trust. As the HR Director at WhiskyCo noted, most shopfloor employees do not see managers (or their union reps) on a regular basis in a variety of situations, and so it is difficult for such employees to build up a substantial body of evidence of consistent behaviours and intentions. They may not be party to the information explaining the decisions reached, stifling trust levels.

From this one can postulate that, where managers meet more frequently with the workforce, and/or devolve joint problem solving down to the lowest levels, and/or share information openly, trust levels among the ‘rank-and-file’/ non-key players might be expected to increase. (That said, they might receive the information, but still not believe it - a problem encountered at EngineParts. This lends credence to the ‘partnership elite’ theory.) Managers and trade unions should certainly not neglect to communicate with, and involve the wider workforce. Efforts to instil trust within the workforce as a whole (as SchoolWear does, EngineParts aspires to, and NorthWest NHS Trust seems rather to neglect) are essential, lest the elite be seen as remote and self-serving.

Given that the trust seems predominantly confined to the key players it further follows that for the trust to endure and develop the key players need to have a

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<sup>58</sup> *When I put this observation to Ross Dunn of Blue Circle, he denied any of the case studies here ‘partnership’ status if the lower graded employees did not share the principles and the same levels of trust... It is, then, a huge pity that I was not able to conduct my research inside Blue Circle to test this finding there.*

sustained presence in the process. Where there is disruption to the personnel in the ‘partnership elite’ trust suffers. (The negative consequences of this can be observed at NorthWest NHS Trust and at WhiskyCo; the positive benefits of consistent personnel can likewise be discerned at SchoolWear and at EngineParts, although at the latter this may come under review with the arrival of the new MD.) The partnership, and indeed any mutual trust emerging from it, remains dependent on the original signatories, or like-minded persons, representing the different constituencies staying the course. It also relies on the benign support from an organisation’s senior managers.

### **What is it about partnership that leads to increased levels of trust?**

The need for consistency and integrity in behaviour is *the* central lesson of all of the case studies. Where consistency is applied and even enforced, partnership grows and matures (EngineParts, SchoolWear, and for the most part WhiskyCo). Where behaviour is inconsistent or contrary partnership has faltered (NorthWest NHS Trust, and on one issue, WhiskyCo).

Agreeing and enacting a clear and inviolable set of partnership *principles* was shown to underpin the design and implementation of partnership *practices* (at WhiskyCo, EngineParts and SchoolWear). Where commitment to the principles was rather less convincing, or susceptible to equivocation (at NorthWest NHS Trust) the practices were less widespread and less coherent, tensions and conflicts were more prevalent, progress less impressive, and the trust less developed.

The important point is that the key players have to believe in the other’s convictions; warm words endorsing the partnership principles are clearly not sufficient (witness the three failed initiatives at WhiskyCo). This belief needs evidence, and from several respondents’ careful suspended judgements, it is also apparent that trust is not naïve, but is indeed an intelligent appraisal of this evidence.

As for the partnership *practices*, from the evidence gathered here, information sharing and evidence of genuine joint problem solving would appear to be the decisive elements in the partnership model. Greatly enhanced joint problem solving was demonstrated at SchoolWear, WhiskyCo and EngineParts; where joint problem

solving was weighted heavily in management's favour (at NorthWest NHS Trust) there was rather less progress toward partnership.

Of the other elements of the partnership model, the presence of an employment security policy was also highly prized and appears to have had a significant bearing on progress (at EngineParts, WhiskyCo and SchoolWear). But perhaps surprisingly, very few respondents cited provisions for sharing the success of the organisation (profit-sharing, share ownership) as especially influential.

From respondents' accounts, however, it is apparent that engaging in partnership is not about the terms of the agreement, nor especially is it cast in the structures for managing the employment relationship (since each of the four case studies here have very different agreements and structures). While an agreement, or statement of intent, must be in place (and where it was not – at EngineParts initially and at NorthWest NHS Trust - the progress stalled), and the structures and practices must be used effectively, the strength or otherwise of partnership lies in the attitudes and behaviours of the key players. NorthWest NHS Trust's practices are potentially exemplary, but the requisite attitudes and behaviours have yet to emerge fully, while EngineParts' practices are perhaps the least impressive on paper, but their key players demonstrate abundantly high trust levels.

Which features of partnership are cited as decisive influences on the development of enhanced trust? From respondents' explanations, the following emerge as important:

- Joint acknowledgement of common objectives, whether 'imposed' from without or identified from within, spur efforts to find common ground, and reduce sources of animosity and conflict
- The increased frequency of interactions among the key players, across a range of workplace issues, reduces the potency of assumed antagonisms, and increases players' estimation of the other's trustworthiness
- The increased dissemination of honest organisational information has a particularly marked influence on behaviours, since it demonstrates a willingness to trust, but also manoeuvres parties' strategic responses toward co-operation, and invites joint problem solving

- Securing tangible benefits from the joint problem solving approach, and demonstrations of mutual gain, reinforce the value of the partnership/ trust-building process, and the benefits to be accrued from reciprocity and continuing to be engaged in the process. They are most effective when delivered early
- Provisions for employment security are viewed very positively, since it permits parties to feel confident about the future, and reduces the stifling doubt that one party – particularly the trade union(s) – may about to be duped.
- Above all, however, it is consistency and integrity, and thus the predictability of benevolence, which marks successful partnerships.

Obviously, I would welcome researchers testing this theory and method in other partnership settings.<sup>59</sup>

### **Partnership and the demise of effective trade unions?**

Many commentators are concerned about the long-term implications for trade unions should partnership fail: *“The question is whether, in the course of building a new type of non-adversarial relationship with employers, unions will retain a sufficiently independent role”* (IDS, 1998b: p2).

The first point to make is to reiterate that partnership should not be confined to union-management relations; the impressive findings from SchoolWear demonstrate its worth in non-unionised firms. Secondly, none of the union respondents from the three unionised organisations reported a decline in their influence, or in their membership levels. They argue that their influence has greatly increased as a result of working with, rather than resisting, the partnership. (Moreover, it is not the case that these are passive, moderate, right-wing trade unionists; most had been involved in – and even led - industrial action in the past and were not afraid to be again.)

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<sup>59</sup> I have been pleased to observe the essential points being confirmed in newspaper and conference accounts from other organisations – such as the stasis within a major high street retailer as its recognised union has witnessed the incidence of joint wins declining, to the extent that the union is reviewing involvement in the partnership; and at the major car manufacturer where a serious defection – the surprise closure of a successful plant – extinguished all trust, and unleashed serious reprisals against the company.

Many 'rank-and-file' members did express scepticism and even some indignation for their representatives' engagement with partnership, but one suspects that these criticisms are not much more than moans; certainly there has been no challenge whatsoever to unions' involvement in partnership at any of the unionised sites. In short, from this evidence, partnership does not appear to have damaged union cohesiveness or effectiveness.

### **Partnership, trust and pluralism: Fox revisited.**

Returning to Fox and his typologies for both frames of reference on the employment relationship, and management styles, I argued in chapter one that partnership ought to be viewed as a pluralist model for managing the employment relationship. The evidence from the case studies surely supports this judgement.

In each organisation 'partnership' has not eradicated the bases of conflicts of interest between the employer and the employed. Even in what seem highly co-operative workplaces enjoying high-trust relationships, antagonisms and conflict, and even orchestrated resistance, continue to happen. But, according to the testimonies gathered here, partnership *has* succeeded in managing the conflict more productively, for mutual benefit. Thus, unitarist perspectives have little to offer by way of explanation in these case studies.

Radicalist and Marxist interpretations, from the likes of Kelly (1996), Claydon (1998) and Whitston (2001), seek to condemn partnership as a duplicitous managerial programme in eliciting worker compliance during periods of difficult change. Their argument, that foolish unions are co-opted in order to nullify their members' latent threat to managerial diktat, may be persuasive, but for it to pertain from the evidence here, each of the managers would have had to lie about their motives, not just to me in these interviews, but to their employees and union representatives, and to maintain a false commitment to joint problem solving over several years. As the HR Director at WhiskyCo said to me, sustaining that level of deceit is almost impossible. Additionally, radicalists would need to explain why the employees and their representatives are among the most vociferous defenders of partnership, the workforces in Engine Parts and WhiskyCo endorsing continued

partnership by a ratio of at least three to one each time. For these reasons I am not convinced by the 'co-opted' thesis.

The appeal of 'trust' as a lens through which to view partnership is that it can accommodate both a pluralist reading – trust is the medium through which conflicts of interest can be managed – and radicalism's conviction in ongoing, dynamic animosities that, at different times, can be abated or stifled, but never eradicated.

What would appear to distinguish partnership from 'old-style' pluralism is that parties to modern partnerships – as defined here – seem not to rely on compliance with rules and procedures, as pluralists recommended in the past, but emphasise instead normative and even emotive constraints on each other's behaviours and decisions. This would appear to be a new approach – certainly in the organisations studied and seemingly, from my review in chapter four, in British industrial relations tradition. Pluralism has mutated to reflect the times.

For the unions (although, again, I reaffirm my argument that partnership is not a union-only model), it is illustrative that they have been careful, in their depictions of credible partnership, to shift their language accordingly. The top union leaders do not appeal too strongly for 'old-style' structures and processes and institutions when articulating partnership; instead, they have couched their models in vague, management-friendly attitudinal and behavioural terms: 'building relationships', 'seeking common solutions to common problems', and of course, 'developing trust'.

That said, a minimum framework of joint problem solving is needed to get the process started, and to differentiate partnership from paternalism. For the implications of this see my comments on the 'prospects for partnership' below.

Fox argued (1974a), persuasively, that the quality or otherwise of an organisation's trust levels are 'designed in' or 'out' by management's decisions on job design and employee involvement, while Thompson (1998) has noted that reward systems can have a powerful effect on intra-organisational trust levels. The degrees of trust presented here can augment and refine Fox's management styles typology. Deterrence-based and calculus-based trust might be seen to reflect the suspicious,

conflict-led, short-termist, fire-fighting ‘standard-modern’ approach. Pursuit of knowledge-based and/ or relational-based trust on the other hand bears similarity with ‘sophisticated-modern’ styles of management (cf. Purcell, 1983), recognising that conflicts can occur, and seeking to harmonise interests for organisational effectiveness and ‘industrial’ peace. Less convincingly, one might transpose the philosophy behind the ‘sophisticated-paternal’ style – which denies the legitimacy of conflicts of interest, and obviates employees’ need for separate representation of their interests with a set of benefits – onto identification-based trust.

### **The prospects for partnership in Britain.**

What of the prospects of partnership, when comparable joint collaborative programmes have come and gone, and are not widely mourned?

My (admittedly truncated) analysis of the history of partnership-style initiatives in the UK in chapter four highlighted two main points. The first (borne out by the case studies here) is that the present programme relies much more than its antecedents on demonstrating consistent attitudes and behaviours, rather than fretting about and getting bogged down in quibbles about agendas, structures and due process. In the preceding programmes there had been scant attention paid to the attitudes and behaviours required; they were rather assumed to materialise automatically. This has, I suggest, been a mistake. The elegance of trust in particular is that it acts as judge and jury on *any* collaborative programme, and it seems that earlier programmes were found wanting in the development of this valued commodity. Partnership is the first programme to have been deliberately conceived with this central objective in mind.

The second point qualifies the first, however. It is a concern that the recommended attention to informal processes may mean that partnership is condemned to repeat Flanders’ and Donovan’s criticisms of earlier industrial relations systems. We have seen the upheaval and damage caused by abused trust.

This perhaps offers a strong argument for greater *institutional* support for partnership. Tax incentives for profit sharing or employee share ownership have been introduced, and are to be welcomed. But if, as suggested in these case studies,



it is information sharing and joint problem solving that *really* improves trust, then the forthcoming EC directive on information and consultation needs to be given more support. (Employers' bitter resistance may in part stem from a desire to retain their managerial prerogative, but from the analysis here, demonstrates starkly their lack of trust in their employees.) Additionally, legislation strengthening information sharing and consultative obligations in the event of mass redundancies, to at least jointly manage this defection, would also, in my view, be welcome.

There are, alas, conflicting signals in the institutional environment. Both the government and employers may endorse partnership, but seem content to rely upon managers' voluntary and enlightened benevolence to instil it. This has not been our past experience. Meanwhile among the trade unions, although the TUC embraces partnership, the recent elections of hard Left candidates as General Secretary in UNISON, PCS, ASLEF and the RMT (with the GMB, Amicus and the T&G to come) suggest a much less enthusiastic mood abroad among union members...

#### **Future research agendas: some suggestions.**

More systematic data, collected through quantitative survey methods and analysed using statistical techniques, would have enhanced my confidence in these tentative findings. Future research might fruitfully examine the following areas.

On which elements of the partnership model are most significant in improving an organisation's internal relations through trust, the case study evidence points to some being perceived as more helpful (greater information sharing, opportunities for joint problem solving, employment security), than others (notably, and curiously, reward schemes). Is this true? What can explain this? Does, perhaps, partnership have 'hygiene' elements that, while not directly influential on trust levels, need to be in place for 'motivators' (or, in this case, 'trust-builders') to work? Which policies fall into which category?

Relatedly, is it the case that organisations must subscribe to the principles, and be able to demonstrate conviction in these as articles of faith, as Guest and Peccei argue (1998; 2001)? Or is partnership sustained primarily through its set of practices? Or, are neither essential and the principles and practices are incidental to, simply,

consistent benevolent behaviour on the part of management? Research tools isolating and testing for these variables would clarify some of the content of the learning points I suggest are most pertinent.

Quantitative, attitudinal data could also verify the impression formed from the four case studies that partnership creates an 'elite' of key players whose trust in the partnership process is not shared to the same degree of confidence by the 'rank-and-file'. Comparing perceptions of intra-organisational trust levels between the 'shop floor' and the key players would be fascinating. If the 'elite' finding holds true, why might this be the case? Is the HR Director at WhiskyCo correct that the 'shop floor' are less trusting of managers because they do not witness the key players making trustworthy decisions, and so cannot gather credible evidence of trustworthiness? Or do workers, as Kelly and Kelly might hope, continue to harbour suspicious 'them and us' sentiments toward management that prevent deeper levels of trust from developing?

Relatedly, this research was conducted in recognisable 'partnership' organisations. Comparative research might investigate whether trust levels are qualitatively better in partnership organisations over similar non-partnership organisations (in which case partnership's distinctive claim to improve trust levels might be challenged).

Each of the stages in Figure 4 (on page 79) offers a research agenda of its own. For example, what legitimates the 'leap of faith' into trust? What then sustains it? How do people cope with abuses of trust? (What reactions occur: angry recrimination, or indignant withdrawal from the relationship, or just weary cynicism?) Is there an optimal trust level?

To analyse trust more precisely, and to generate sophisticated and credible results, a more nuanced measure is required, based on the important differences among the degrees of trust outlined in chapter two. (I shall shortly begin working on such a measure at Erasmus University, Rotterdam.) Likert-scale items need to incorporate the different degrees of trust, to test for the strength of the belief. The sources of trust need also to be identified correctly: again, trust may stem from the partnership principles and practices, or from the testimonies gathered for these case studies, it

would seem that the experience of consistently positive, or at least non-detrimental, behaviour might be critical. But an individual's perception of another's trustworthiness is influenced by several other factors, and these include:

- One's innate pre-disposition toward trust. Some people, such as the UNISON rep in NorthWest NHS concede that their 'default position' is to trust others, often in the face of contrary evidence; others, such as the union reps at WhiskyCo and Engine Parts, reported much more suspicious natures.)
- One's 'ideological' perspective on the employment relationship. Those who consider that management and workforce goals are either complementary, or can at least be aligned on a semi-permanent basis, may be more inclined to trust the motives of the other party; the more sceptical, or class-conscious, may be far more reticent.
- One's desire to 'belong', or 'fit in' versus one's desire to remain independent. Some people may acquiesce more readily than others, to feel comfortable among in company, even with people whose agenda may conflict with theirs. Others may value their autonomous status more, and so withdraw from the vulnerability that trust implies.

A danger, however, is that one-off 'snap-shots' recording trust levels at a given time may only reflect events and impressions from the immediate past; shifts in degrees of trust would need to be tracked over time to avoid this distortion.

Finally, sector-level survey research among similar firms, differentiated only by the presence or otherwise of a genuine 'partnership' agreement, can begin to answer whether partnership, and/or trust, delivers improved organisational performance.

#### **Final remarks: the value of trust.**

The evidence gathered here demonstrates the essentially dynamic and ever-fluctuating nature of both partnership and of trust.

Tensions and conflicts, and 'us and them' attitudes, do prevail, even in well-established partnership organisations, and most intriguingly, even in non-unionised settings. As such these case studies should dissuade any commentator (sceptic and evangelist alike) from inferring that partnership constitutes an ideal-type, permanent

resolution of the conflicts inherent in the “*structured antagonism*” of the employment relationship. Plainly, it is nothing of the sort, and nor should any serious commentator have imagined that it could ever have been.

Indeed, the value of examining partnership according to its central process, goal and outcome – the development of mutual trust – is, as I hope to have shown, that this provides an intellectually coherent, multi-faceted, flexible and precise prism through which to, firstly, research, then understand and even perhaps to predict what happens in a partnership.

Furthermore, trust’s dynamic essence, and the differing degrees of quality of trust, allow for the possibility of both weak and strong forms, positive and negative experiences, mutual success and unilateral betrayal. Trust is especially compelling because it is less than certainty, and so can entail considerable risk for participants. Trust is a commodity in perpetual flux; it needs to be constantly demonstrated and reinvigorated. And as it is deepened and strengthened, the terrible prospect of ‘defection’ or betrayal both increases pressure on all parties to adhere to its strictures, while at the same time constrains otherwise fruitful options and opportunities. The fall-out from error or abuse is likely to be much worse than if one had not attempted to improve trust relations at all. However, the evidence here suggests that the gains to be had are considerable, and positive mutual trust was much preferred to adversarial conflict by all respondents.

There is then a fascinating, perhaps even fatal, paradox at the heart of partnership, and the nature of trust. Betrayal, and perhaps the destruction of either – both rather fragile – may unleash fresh aggression from the abused party who, having entered the relationship in good faith, will be expected to feel they have been duped. (Employees may become more militant; managers more belligerent and authoritarian.) As such, partnership has within it a potential boon for its Marxist critics. For if a hard-won ‘partnership’ does yield mutual trust, only for that trust to be undermined or destroyed, then one would expect the ensuing consciousness and anger to fuel antagonism toward the employer, and perhaps even renewed class-conscious radicalism. For, after ‘partnership’ - as defined here - fails, what is left for managers, or trade unionists, to try?

To conclude, with the distinctions of degrees of trust in mind it would seem prudent to recommend that advocates of partnership resist overly ambitious claims for what partnership can deliver. A modest, achievable and valuable outcome from partnership would be the establishment and sustainability of positive and efficient *knowledge-based* trust, and in more sophisticated and long-standing forms, *relational-based* trust.

A parting comment: ‘partnership’ perhaps suffers from the connotations that different constituencies associate with the word, and the concept. For the Left, it seems to infer “unions getting into bed with managers”, and a catastrophic compromise of integrity and power. For unitarist-minded managers the notion that there might be two (or more) distinct and potentially conflicting parties in the employment relationship is anathema to their optimistic exhortations for common goals and teamworking.

Perhaps then the principles and practices that constitute ‘partnership’ would be more widely adopted if they went under a more enticing, and less ideologically-loaded name... ‘High-trust management’ (HTM)?

*Graham Dietz, February 19 2002;  
amended version completed, 26 July 2002.*

## APPENDIX 1 – KNOWN UK PARTNERSHIP ORGANISATIONS.

Private sector & unionised	
<ul style="list-style-type: none"> <li>• Abbey Corrugated (<i>non-unionised until 2001</i>)</li> <li>• Alstom Gas Turbines</li> <li>• Anglian Water</li> <li>• AstraZeneca (<i>Macclesfield site</i>)</li> <li>• Baxi Partnership (<i>was employee-owned, and unionised</i>)</li> <li>• Birds' Eye Walls (<i>Humberside site</i>)</li> <li>• Blue Circle Cement</li> <li>• BNFL (<i>Springfields plant</i>)</li> <li>• British Airways</li> <li>• British Gas Trading</li> <li>• Castle Cement</li> <li>• Co-operative Bank</li> <li>• Coca-Cola Schweppes (<i>Wakefield plant</i>)</li> <li>• ChiRex</li> <li>• Elementis Chromium</li> <li>• Emhart Fastening Technologies</li> <li>• <b>'EngineParts'</b></li> <li>• ETOL</li> <li>• EWS: English Welsh &amp; Scottish Railways</li> <li>• Fleet Support Services</li> <li>• GNER</li> </ul>	<ul style="list-style-type: none"> <li>• Hickson Fine Chemicals</li> <li>• HP Bulmers</li> <li>• ICI Quest International</li> <li>• Iggesund Paperboard</li> <li>• John Dewar &amp; Sons</li> <li>• John Heathcoat</li> <li>• Legal &amp; General</li> <li>• Lever Faberge</li> <li>• Leyland Trucks</li> <li>• Littlewoods</li> <li>• Lloyds TSB</li> <li>• Midland Mainline</li> <li>• Northern Ireland Electricity</li> <li>• Scottish Power (<i>General Wholesale</i>)</li> <li>• Tesco</li> <li>• Thames Water</li> <li>• Transco (<i>Yorkshire operations</i>)</li> <li>• UDV: United Distillers &amp; Vintners</li> <li>• Unisys</li> <li>• Vauxhall</li> <li>• Welsh Water</li> <li>• <b>'WhiskyCo'</b></li> </ul>
Private sector & non-unionised	Public sector
<ul style="list-style-type: none"> <li>• Appor (<i>SME</i>)</li> <li>• Black &amp; Decker</li> <li>• Dutton Engineering (<i>SME</i>)</li> <li>• John Lewis Partnership (<i>predominantly non-unionised; employee-owned</i>)</li> <li>• Oldrid Group</li> <li>• Scott Bader Commonwealth (<i>employee-owned</i>)</li> <li>• <b>'SchoolWear'</b> (<i>employee-owned SME</i>)</li> <li>• St Lukes' Communications (<i>employee-owned SME</i>)</li> <li>• Trifast (<i>not employee-owned</i>)</li> <li>• Zotefoams</li> </ul>	<ul style="list-style-type: none"> <li>• Birmingham Womens' Hospital Trust</li> <li>• Defence and Aviation Repairs Agency</li> <li>• Ealing Hospital NHS Trust</li> <li>• Inland Revenue</li> <li>• <b>'NorthWest NHS Trust'</b></li> <li>• Royal Shrewsbury Hospital NHS Trust</li> <li>• South and East Belfast NHS Health and Social Services Trust</li> <li>• Suffolk County Council</li> <li>• Wolverhampton Healthcare NHS Trust</li> </ul>

There are many other organisations for whom partnership status has been claimed. I am aware of the following reported case studies, but I have not been able to verify whether the full complement of partnership practices is in operation. The entity claiming partnership status is provided in the square brackets:

3M [ACAS Wales], Anglia Rail [self], Anglian Water [self], AXA Insurance [TUC], BAe Systems (Filton) [TUC], Barclays Bank [self/ Unifi/ IRS], Barr & Stroud [T&GWU], Beneficial Bank [self/ IRS], Bristol City Council [TUC], British Bakeries [self/ TUC], Caradon [self/ IRS], Cellnet [IPA], CSC [self/ MSF], Crown Prosecution Service [self], CSL [self/ IRS], Derbyshire Ambulance Service NHS Trust [self], DGAA Homelife [self/ IRS], Domnick Hunter [Knell/ DTI], East Midland Electricity [self/ IPA], Express Dairies [Humberside TEC], Gardner Merchant [self/ GMB], GEHE UK [USDAW], Grattan Home Shopping [USDAW], Hays Montrose [GMB], H&R Johnson Tiles [self], Herga Electric [Knell/ DTI],

Lancer Boss [self], Levi Strauss [GMB], LG Electronics [TUC; IDS], Litton Interconnection Products [Knell/ DTI], Michaelides & Bednash [Knell/ DTI], Miles' [ACAS Wales], Monarch Aircraft Engineering [AEEU], NatWest [MSF], Nestle (York) [IPA], Nissan Yamoto Engineering [self/ IRS], North Yorkshire Ambulance Service NHS Trust [self/ IRS], Onyx [GMB], Peri-Dent [TUC], Playtex [TUC], Roadchef [GMB], Royal & Sun Alliance [self], Schlumberger Industries [self], Shelter [Knell/ DTI], Solaglas [GMB], Smithkline Beecham (Worthing site) [self/ IRS], Southampton Container Terminals [self/ ACAS], West Country Ambulance Service NHS Trust [self/ IRS] and Wm Morrisons Supermarkets [USDAW].

## APPENDIX 2 – UK PARTNERSHIP PROGRAMMES (c. 1860 – PRESENT).

### KEY:

- ✓ = indicates from where the main impetus for the programme came.
- 😊 = overall, or official, support.
- 😐 = general indifference, or a neutral stance.
- 😞 = overall, or official, hostility.

Where more than two faces appear, the unbracketed face indicates the predominant/ official view; the bracketed face indicates a significant minority, or unofficial, view.

MAIN IMPETUS				PARTNERSHIP PROGRAMME	SUPPORT			OPPOSITION/ INDIFFERENCE		
STATE	EMPLOYERS	UNIONS	EMPLOYEES		STATE	EMPLOYERS	UNIONS	STATE	EMPLOYERS	UNIONS
	✓			Financial participation (1860-1914)		😊		😐	😐	😞
✓				Whitleyism (1917-1919)	😊	😊	😊		😐	
	✓			Mond-Turner talks (1927-1929)				😐	😞/(😐)	😞/(😐)
	✓	✓	✓	Joint production committees (1940-1951)	😊	😊	😊	😐	😐	
	✓			Productivity bargaining (1960-1965)		😊		😐/(😊)	😐	😐
✓				Donovan commission (1968)	😊				😐	😐
✓				Bullock committee (1977)				😞	😞	😞
✓		✓		The 'Social Contract' (1975-1979)	😊		😊		😞	😞
		✓ (some TUs)		'No-strike' deals (1981-1988)		😊		😐	😐	😞
		✓		'Partnership' (1990-1997)			😊	😐	😞/(😐)	😐
✓		✓		'Partnership' (1997-????)	😊	😊	😊	😊	😐	😞



## APPENDIX 2 – UK PARTNERSHIP PROGRAMMES (c. 1860 – PRESENT).

PARTNERSHIP PROGRAMME	OUTCOME (cf. Ramsay, 1977)
Financial participation (1860-1914)	<i>Triviality: isolated and short-lived cases. No broad-based support: union hostility and employer indifference.</i>
Whitleyism (1917-1919)	<i>Instability: broad-based support for a brief period, but abandoned after employers' pressure.</i>
Mond-Turner talks (1927-1929)	<i>Triviality an isolated and short-lived initiative. Abandoned for lack of support from both unions and employers.</i>
Joint production committees (1940-1951)	<i>Instability: broad-based support for a brief period, but abandoned for lack of support from unions and employers.</i>
Productivity bargaining (1960-1965)	<i>Triviality isolated and short-lived cases. No broad-based support: union hostility, employer enthusiasm waned after apparent failure of schemes.</i>
Donovan commission (1968)	<i>Triviality dismissed as impractical or unattractive by both unions and employers.</i>
Bullock committee (1977)	<i>Triviality dismissed as impractical or unattractive by both unions and employers, and the State.</i>
The 'Social Contract' (1975-1979)	<i>Instability: broad-based support for a brief period, but collapsed in the face of resurgent union militancy.</i>
'No-strike' deals (1981-1988)	<i>Triviality: isolated and short-lived cases. No broad-based support: considerable union hostility, employer indifference.</i>
'Partnership' (1990-1997)	<i>Triviality: isolated and short-lived cases. No broad-based support: employer indifference, State hostility.</i>
'Partnership' (1997-????)	<i>? Broad-based support, especially among (most) unions and the State. Considerable employer wariness; also from the State.</i>

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