

Have labour-management partnership agreements been successful?

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Abstract: *The aim of the labour-management partnership prevailing in some European countries, such as the United Kingdom, is to enhance cooperation between employers and trade unions to get a win-win outcome, sifting away from adversarialism to relations imbedded with reciprocity, trust, cooperation and mutuality. Although labour-management cooperation has been promoted, a wide range of disputes have been generated because some people believe that partnership agreements undermine the unionism more deeply and these agreements prioritize employer benefits without equal gains for employees. This article explains the reasons behind the negative evaluations of partnership. It starts with the unachieved outcomes of partnership, pointing out the unfulfilled promises and unbalanced adoption and survival rates. The second part puts emphasis on the unsuccessful reasons from both ends of the parties. The final section proposes some critics about how to measure the 'success' in partnership agreements and sums up the main conclusions.*

Keywords: *Partnership agreements, Labour-management partnership, Trade union*

1. Introduction

Developing the labour-management partnership was a crucial goal of the New Labor Government's policy in the UK for past decades with continuing union decline and growing union weakness and ineffectiveness, and this concept was given particular boost by election of New Labor's 1997 election (Terry, 2003). The aim of the partnership is to enhance cooperation between employers and trade unions to get a win-win outcome (TUC, 2002), sifting away from adversarialism to relations imbedded with reciprocity, trust, cooperation and mutuality. By the support of Trade Union Congress (TUC), Involvement and Participation Association (IPA), Partnership at Work Fund and other agencies, latest reports suggest New Labour's approaches have achieved some success, with numerous large organizations adopting partnership agreements, including British Airway, Barclays, Unilever and British Telecom etc.,. In addition, there were 248 partnership agreements signed between 1990 and 2007, and those covered around ten percent of workers in Britain (Bacon and Samuel, 2009).

Although labour-management cooperation has been promoted, a wide range of disputes have been generated because of partnership agreements. Advocates argue that partnership agreements would be a vehicle for improving the relationship between unions and employers who have conflicting interests. In addition, many union leaders are committed to partnership agreements because they presume it is a good chance for the resurgence of trade unions (Ackers and Payne, 1998). However, the prevailing critical view points out that partnership will undermine the unionism more deeply and these agreements prioritize employer benefits without equal gains for employees (Kelly, 2004). Given those contrasting perspectives, this article focuses on the negative aspects of partnership and explores why partnership agreements are deemed to be unsuccessful. The issue is worth considering because even though with the support of TUC, IPA and other non-statutory approaches from the New Labor Government, many partnership agreements are only words on paper (Terry, 2003). Due to the institution of the UK and the non-official government backing, partnerships have no standing in law. Moreover, the deep-rooted adversarial relation of employers and trade unions with separate interests and goals respectively makes partnership difficult to achieve in practice (Kelly, 2004).

2. Evaluation of partnership

2.1 Unfulfilled promises

According to Kelly (2004), for the purpose of partnership agreements, there are three necessary

components: flexibility, joint consultation and employment security. These correspond to three groups of people respectively, namely, employers, trade unions and employees. Advocates argue that partnerships can provide 'mutuality' over flexibility, involvement and security (Koach and Osterman, 1994), which means employers will benefit from building a cooperative set of relations with trade union; trade unions are available to extend their recruitment and also to participate in the decision-making (Marchinton, 1998). For employees, partnership will address their 'qualitative' needs (Hyman, 1997), such as fair treatment, greater work conditions and job security (Oxenbridge and Brown, 2002; Guest and Peccei, 2001).

However, these 'mutual gains' are improbable to achieve in the real world (Samuel, 2007). First, partnership agreements lead to submissive trade unions and limit their ability to encourage workers to join the union (Kelly, 1996; Taylor and Ramsey, 1998). For example, WERS04 argues that 77% of managers prefer to deal with employees directly other than through trade unions (Kersley et al., 2006). It seems likely that partnership may in a degree weaken the influence of trade unions. Partnership would not translate into an automatic union revival as theoretical implications (Kelly, 2004). Second, the main reason for managers to share rights with trade unions is to improve economic performance. Indeed, there are few significant improvements in profits as a result (Kelly, 2004). This may make managers' concession meaningless and intensify the growing hostility. And for employees, the gap between ideal and practice is exactly right lie in job security. According to Terry(2003) that such job security guarantees are weak statements without any legal force, because it contrasts the common trigger mechanism of partnership in Britain, such as financial difficulties and competitive pressures which usually accompanied with redundancy.

2.2 Unbalanced adoption & sustainability

When it comes to the adoption and survival of partnership, it is easy to find the unbalanced development of partnership under the low adoption as a whole in Britain. For example, Bacon (2009) examines the adoption of partnership agreements in Britain, and the finding shows that 'the public sector accounted for more partnership agreements than the private one with most recent partnership agreements signed in the public sector' (Bacon, 2009: 236). Relatively higher union recognition and monopoly position supported by government may give the reason for the higher adoption in the public sector (Oxenbridge and Brown, 2004). Conversely, without such special advantage, private sector employers have dealt with these agreements passively, neglecting governments' non-official methods to shape the partnership. In addition, albeit the public sector has performed better in the take-up of partnership agreements as a whole, the unbalance has also remained inside. For example, from the case study of Bacon (2009), health care, social work and manufacturing firms are account for most percentage of partnership in public sector, while few employers take that in education, construction and service fields.

Furthermore, Oxenbridge and Brown(2002) has identified two types of partnership in different companies in Britain. One called 'nurturing group' comprised relatively small sized production sector companies that had developed informal partnership. The other one is 'containing group' which usually refers to service sector companies applying formal partnership agreements. In the companies with informal agreements, there is a high-level of unionization and intensive collective bargaining; however, in the service companies where managers are reluctant to negotiate with unions, preferring to seek HR strategies to avoid union involvement (Legge, 1995). These two kinds of partnership raise some questions concerning the sustainability.

For the informal type like most production companies, they just relabel their conventional and pre-existing agreements between management and trade unions into 'partnership' when they face financial crisis or corporate reform. However, if they get through difficult situations, it is hard to say they would like to remain partnership. It shakes the authenticity of partnership agreements and these employers cannot give any promise to keep working in partnership model. In this type, the mind-changing of management is an uncontrollable factor to the sustainability of partnership, while the problem for the formal type is lying in trade unions. It depends on whether trade unions in service sectors will be satisfied with their limited rights. Unions take agreements as a vehicle for expansion to non-union sectors (Oxenbridge and Brown, 2002) but to a great degree the trigger button of partnership for management is to get their own interest other than unions. For example, private service firms take advantage of trade unions to help them get access to public profits. Under this circumstance, similar with the first type partnership is only a provisional choice to gain more profits and the long-term survival is not on the plan.

In summary, it is not difficult to find some remarkable gaps of partnership between reality and ideal. It is undoubted that there have some influence by the popularization and application of partnership to the industrial relations in the UK, and a great amount of giant companies both in public sectors and private sectors have adopted the idea. However, many publicized principles, commitments and promises encouraged by the TUC and IPA are not fulfilled in reality, which makes partnership just weak statement. Further, because of some particular government policies and stronger power of trade unions, more agreements have been signed in public sectors compared to private sectors with more reliable and robust characters.

3. Reasons for failure

3.1 Weak union power

Kelly concludes partnership agreements as a continuum of power and differentiates the balance of power between two parties in partnership. The difference is made between 'employer dominant-agreements marked by a balance of power favorable to the employer' at one end of the continuum; and at the other end, 'labour-parity agreements, where there is a more even balance of power' (Kelly, 2004: 271). However, some evidences suggest that most partnership agreements in the UK are lie towards more to interests of employers other than labours (Guest and Peccei's, 2001; Heery, 2002; Kelly, 1999). In this employer-dominant partnership, there is a weak trade union. Employers enjoy a leading benefit of partnership, preferring to introduce this cooperation on their objectives, rarely delivering on the commitment to power-sharing and employment security inherent within genuine partnership (Claydon, 1998; Heery, 2002; Kelly, 1999). Indeed, employers cannot keep their promises to employees given the weakness of trade union (Samuel and Bacon, 2010). As a matter of fact, union strength is one of the most significant factors which will affect whether partnership is successful or not. This point is particularly evident when it comes to the comparison between the private and the public sector (Bacon and Samuel, 2009). The next sections will illustrate different sectors to explain why weak union power lead to the failure of partnerships.

As mentioned above, the public sector has signed more partnership agreements than private sector, and the logic behind this is the weak union power. The decline of trade union has been most obvious in the private sector (Terry, 2003). Growing union weakness and ineffectiveness makes private sector employers unwilling to cooperate with trade unions, and even if they sign partnership agreements, it may 'just to coerce weaker unions into legitimizing managers' decisions' (Bacon and Samuel, 2009), which breaks away from the essence of partnership. This can also be supported from Oxenbridge and Brown's (2004) case study. For example, in cases of 'containing' where unions are weak, employers restructure the company by forcing the weak unions into partnership and dominating the process. The private sector with extremely weak union power is the typical case of this group, and they limit wider union influence, refusing to consult with union representatives. All of these unfair and neglected treatments unions have received are because they are not the countervailing power to employers, particularly against those zooming private sectors, such as the service industry.

In contrast, if somewhere with 'a high level of unionization and active workplace representatives' (Oxenbridge and Brown, 2004: 273), employers would introduce partnership to 'nurture' their relations with unions, by negotiating business plans, pay and conditions regularly with workplace representatives. It is difficult to marginalize unions in labour-parity partnerships where with a stronger union power. Employers have to cooperate with influential unions to facilitate longer-term changes and promise extended union involvement during the process (Samuel, 2007). Stronger and potentially adversarial unions in the public sector can be a good example that partnership allows them to impact employers' decisions, and stronger unions will reflect a relative balance of interests. That also explains why the adoption and survival rates are both high in the public sector compared to the private one. The phenomenon reveals that the degree of union strength has an extraordinarily significant influence on the genuine success of partnership agreements. It seems that 'stronger unions may extract employer concessions before they sign partnership agreements' (Samuel and Bacon, 2010: 435).

From the part to the whole, analyses above can be applied generally to the situation of the Britain which is exactly similar to its private sector. Between 1979 and 2010, the density of trade union has halved, the power of unions has dramatically declined, strike activity has seriously decreased and the capability of trade unions to influence employment process was greatly diminished (Kelly, 2011). With the all-around decline of trade unions, most of union representatives complain that although there was a formal negotiation of employment terms and conditions but was not able to make substantive

concession from employers. Since the mid-1990s, partnership agreements for joint regulation and extended involvement in unionized workplaces have adopted but unions still have found it growingly hard to influence employers' decisions (Samuel and Bacon, 2010). In addition, due to the increasing non-union industries of economy in the UK, weak unions have found it hard to gain recognition in the new workplace with the employer hostility to unions. Although there are some evidence of non-union forms of partnership (Dietz et al., 2005), majority of agreements in Britain tend to be signed between employers and recognized trade unions. Thus, loss of union recognition in the significant booming sectors severely threatens the flexibility and feasibility of partnership in the future.

In summary, all of these reflect the awkward situation for trade unions, suggesting they do not have the actual speaking right in partnerships because of its own vulnerability. Union strength is typical important in the balance of interests expressed in partnership agreements. Continuous decreasing union influence and strengths have appealed little to employers to sign the partnership agreements (Terry, 2003), and it seems likely that partnership agreements do not give discernable positive impacts because there is not a well-matched in strength of two parties.

3.2 Substantively hollow provisions

Another reason for unsuccessful partnerships lies in the hollow provisions from both employers and trade unions. First, as the principles of partnership agreements, employers should provide job security, employee training, increased pay and practices to improve work-life-balance to address 'qualitative' needs of employees (Hyman, 1997). However, Thompson (2003) suggests employers will not fulfill their promises to meaningful substantive provisions by the fierce competition in the liberal market. Taking job security as an example, some evidences demonstrate that partnership has usually been triggered by financial difficulties and acute industrial conflict (Bacon, 2009). However, guaranteed job security is often the first to be affected and even sacrificed under these circumstances (Oxenbridge and Brown, 2002) because job loss is an inevitable trend of fierce market competition or organizational restructuring, especially under the institution of liberal market economies, such as the UK and the United States. In addition, one feature of partnership agreements is to shape consultation committees promising unions to get involved in a wide range of substantive issues which unilaterally arranged only by employers before (Samuel, 2005). While critics indicate that employers will refuse to sign agreements with unions which limit their decision-making power (Kelly, 2005). Therefore, there is no way for unions to influence employer autonomy in practice. Even if extended joint regulation is claimed to be adopted, it cannot be interpreted as a 'real' expansion because unions are merely being coerced to support the agenda controlled by employers (Samuel and Bacon, 2009).

Second, except from employers, trade unions are also criticized by their members with substantively hollow provisions. Many union officials are committed to partnership as offering the possibility to union renewal but they neglect the weakness of trade unions and their negative performances, lacking of ability to negotiate with those mighty employers. Trade unions in Britain now are unable to perform any useful function through their own activities (Terry, 2003). Collective action, such as strike, is one of the most significant activities of trade unions but with the structural and technological reform the confidence underpinning collective action has been shaken. Terry takes the example of car plant explaining that 'lean plants have even greater short-term disruptive power than in the old-assembly-line system' (Terry, 2003: 489). Because the most important factor that supports trade unions to strike is the guarantee of members' job security. However, the high-pace development of technology changes the traditional production mode depending on workers. Under this circumstance, the arrangement of strikes is not an effective weapon for trade unions because the costs to take a strike may be higher than those for employers to settle, particularly in a long term. Trade unions are unwilling to take the risk to organize collective actions which should be their strength previously, and this directly leads to the discontent of union members because it goes against their original intention to join trade unions. As a result of declining strength and ability of trade unions to take effective use of collective actions, it has further failed to satisfy their members by obtaining concessions from employers, which makes partnership meaningless.

Furthermore, there are also some opponents from 'outsiders' who are non-unionized workers denouncing that even if partnership agreements are signed trade unions will only benefit their members rather than provide substantive benefits for all of workers in the workplace (Bacon, 2009). Because there are no extension arrangements in the UK, which means the provision of collective goods is only valid for union members, and non-unionized employees cannot count on trade unions to fight for their welfare. Thus, partnership agreements between employers and unions cannot seem to offer any substantive changes for these workers. In summary, both employers and employees lack incentives to

sign partnership agreements. Being aware of the weakness of trade unions, employers will not realistically make any substantive concession allowing unions to influence over key processes (Kelly, 2000). On the other hand, trade unions lack of capacity to fulfill the demands both from their members and outside workers.

4. Conclusion

Although there are disputes on how to evaluate the 'success' when it comes to partnership agreements, like Stuart and Martinez Lucio (2005) argue that the brave attempt to reconfigure the form and content of employers and union relations with the widespread scale of application so far is a symbol of success. Also, some suggest that the outcome is not the only 'measure', other subtle issues are also necessary. It involves with some small changes not only in behaviors but also in consciousness, which is not as apparent as the direct outcomes (Walton and McKersie, 1965). This essay has pointed to the negative aspects of the labour-management partnership agreements in the UK, focusing on their unfulfilled promises and unbalanced applications. The reasons behind the failure mainly lie in declining power of trade union and their non-substantive provisions. Because of the weakness of unions, employers will not cooperate with trade unions and keep their commitments sincerely. On the contrary, they will coerce weak unions to serve their wills which cannot be viewed as partnership genuinely.

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