

Middlesex University Research Repository

An open access repository of

Middlesex University research

<http://eprints.mdx.ac.uk>

Upchurch, Martin, Tailby, Stephanie, Richardson, Mike, Danford, Andy and Stewart, Paul (2007)
Partnership with and without trade unions in the UK financial services: filling or fuelling the
representation gap? *Industrial Relations Journal*, 38 (3). pp. 210-228. ISSN 0019-8692

This version is available at: <http://eprints.mdx.ac.uk/1456/>

Copyright:

Middlesex University Research Repository makes the University's research available electronically.

Copyright and moral rights to this work are retained by the author and/or other copyright owners unless otherwise stated. The work is supplied on the understanding that any use for commercial gain is strictly forbidden. A copy may be downloaded for personal, non-commercial, research or study without prior permission and without charge.

Works, including theses and research projects, may not be reproduced in any format or medium, or extensive quotations taken from them, or their content changed in any way, without first obtaining permission in writing from the copyright holder(s). They may not be sold or exploited commercially in any format or medium without the prior written permission of the copyright holder(s).

Full bibliographic details must be given when referring to, or quoting from full items including the author's name, the title of the work, publication details where relevant (place, publisher, date), pagination, and for theses or dissertations the awarding institution, the degree type awarded, and the date of the award.

If you believe that any material held in the repository infringes copyright law, please contact the Repository Team at Middlesex University via the following email address:

eprints@mdx.ac.uk

The item will be removed from the repository while any claim is being investigated.

See also repository copyright: re-use policy: <http://eprints.mdx.ac.uk/policies.html#copy>

Partnership with and without trade unions in the UK financial services: filling or fuelling the representation gap?

Stephanie Tailby, Mike Richardson, Martin Upchurch, Andy Danford and Paul Stewart

Abstract: Partnership theory proposes that an appropriate integration of direct and indirect employee participation mutually benefits workers and company. This study explores the putative employee voice gains and the risks for union effectiveness by comparing employees' evaluation of partnership practices at two financial service companies with nonunion and union employee representation respectively.

Introduction

Two main solutions have been proposed for the 'representation gap' that has grown in the UK with the decline in trade union recognition and density; union revitalisation and the development of alternative institutions for worker representation. Obviously there is much diversity within each category. Nonunion employee representation (NER) in principle can be categorised by type, according to whether its initiation is by an employer, the state or a voluntary organisation (Heery et al. 2004: 21-8). Debates on whether NER in some forms can replace trade unions and on whether it can complement unions and assist their revitalisation have been invigorated by the UK's transposition of the EU Information and Consultation of Employees (ICE) Directive. As regards the replacement thesis, Kim and Kim (2004) point out that the onus is on proponents to demonstrate that NER can perform traditional union functions as effectively as unions or can *add* something distinctive.

NER was not a major focus of UK industrial relations research until recently, for reasons discussed by Hall and Terry (2004). Public policy formerly relied on employee representation via the 'single channel' of trade unions voluntarily recognised by employers. NER was considered anomalous and its incidence was limited. It was most common in industries with structural characteristics associated with unionisation and consequently was assumed to be largely cosmetic, the employer's principal objective being union avoidance. The changed institutional industrial relations landscape, however, has generated a more differentiated set of views.

One takes its inspiration from statutory works councils in north European states and proposes the arrangements can be emulated in other contexts, to provide a model of employee representation in the nonunion sector that is complementary to trade unions and supportive of employers' organisational efficiency objectives. The argument is that workers' representative participation in a company consultation structure assists employee-management communications, responsiveness and reciprocation. Workers are more receptive to workplace change because they feel their interests are represented and that the new management practices advantage them as well as employers (Rogers, 1999). This view is developed in the American literature on the 'mutual gains enterprise' (Kochan and Osterman, 1994) and is echoed by some among the pro-partnership lobbyists in the UK (e.g. IPA 1998).

A second view is sceptical that nonunion works councils and like arrangements can provide an effective substitute for trade unions in voluntarist and decentralised industrial relations regimes such as the UK's (Hall and Terry, 2004). NER lacks 'legally provided tools of bargaining power' (Kim and Kim, 2004: 1078) and is 'enterprise confined'. Without industrial action 'immunities' it cannot make credible threats of sanctions in support of employee demands, or even to hold management to its commitments to consult. Because nonunion employee representatives have not had legal protection from employer's victimisation they have been inclined towards caution. The provisions of the ICE Regulations may modify some among the limitations. But the conclusion is that effective employee representation in organisation-based consultation arrangements requires the support of strong trade unions that can provide 'expertise, co-ordination and mobilising potential' (Terry, 1999:29). The issue, therefore, is how trade

unions can insert themselves into the workplace. The argument that statutory participation can assist unions in this respect is dismissed in a third view that regards works councils as a threat to union renewal, because they are conveyors of the 'demobilising' ideology of partnership at work (Kelly, 1996).

To date few studies have systematically compared employees' experiences of NER with union members' evaluation of their union representation. However statistical analyses of the 1998 Workplace Employment Relations Survey (WERS98) data assess the effectiveness of different types of 'employee voice regime' in terms of employees' positive perceptions of *managerial responsiveness*; their proclivity for information sharing, employee consultation and the 'fair treatment' of employees. Bryson's (2004) analysis finds that nonunion representative voice and 'direct voice' ('two way' management direct employee communications) outperform union voice, in the terms considered. It also finds that the combination of NER and direct voice - identified in a mere 8 per cent of British workplaces in 1998 - is the only regime to outperform that of no employee voice (235).

The findings raise almost as many questions as the analysis set out to probe, as Bryson is the first to admit. Explanations for the apparent ineffectiveness of union voice have been suggested in terms of unions' success in mobilising members - raising their consciousness - so that they are more critical of management practices than nonunion employees (Guest and Conway, 2004). Of course, they may also be more exacting in their expectations of their representatives. Guest and Conway consider management's contribution, in terms of 'muffling' the union voice. Other analyses suggest how NER may be part of a 'bundle' of HRM practices combined to intensify management control

(Hall and Terry, 2004: 216); that is to say the aim is to structure employee attitudes and inculcate a 'consensus culture' based on the acceptance of management objectives.

NER has been compared with unions 'in general'. Yet unions have been advised to engage in change and one prescription is partnership with employers. An argument is that strong trade unions are better equipped than weak and compliant unions or NER to 'coerce' management along the partnership 'high road' (Haynes and Allen, 2001). A contrasting logic is that partnership may be the only viable revitalisation strategy for unions weakened by two decades of industry restructuring, restrictive labour law and employer hostility (Ackers and Payne, 1998). The coercion in this case is from employers who, Ackers et al. (2005) argue, are reconstructing representative employee participation with or without union involvement in order to achieve their organisational efficiency objectives, or simply to accommodate new labour law. A third perspective warns that the putative employee voice gains of partnership are dwarfed by the large risks. Taylor and Ramsay (1998) discuss the potential for union incorporation in the management of workplace change that is experienced by employees as work intensification. Kelly (2005) highlights the danger of membership demobilisation resulting from the emphasis on shared labour-management interests. In other words, unions risk becoming more like NER in the eyes of their members and potential members and less able to perform traditional union functions (Badigannavar and Kelly, 2003).

This article explores the contrasting perspectives by comparing employees' evaluation of partnership practices at two organisations in the UK financial services. One had a nonunion 'partners' council' system of employee representation and the other had union recognition. After a brief discussion of the research design and an introduction to

the case study companies, the analysis compares employees' evaluation of their managers' performance in involving them in organisational decision-making and of the effectiveness of the representation available to them.

Research Methods

The research was conducted in 2002/3 as part of a project on 'patterns and prospects for partnership at work in the UK' funded by the ESRC under its *Future of Work* programme. The aims were to understand partnership as a social process, shaped by the interplay of relationships between firms, workers and their representation bodies, and to appreciate the meaning of partnership for employees. Quantitative and qualitative data were gathered for these purposes at each of the case study sites that numbered six in total. At the two financial services organisations semi-structured interviews were conducted with HR managers, senior and line managers, and with employee representatives as well as with employees. In total 40 interviews were completed at nonunion *FinanceCo* and 35 at unionised *InsuranceCo*. Their average duration was an hour. All interviews were tape recorded and transcribed. A questionnaire survey incorporating questions from WERS98 was conducted among a sample of employees, constructed to reflect the principal occupational groups, at each case study site. This achieved a response rate of 128 completed questionnaires among a sample of 400 employees at *FinanceCo* (a response rate of 32 per cent) and 129 useable returns at *InsuranceCo* among a workforce of 500 (a 25 per cent response rate). At *FinanceCo* we were afforded the opportunity to observe meetings of the nonunion partners' council employee representation body.

Employee Representation in UK Financial Services

The finance sector in the UK, as in other OECD countries, has been subject to a substantial restructuring of capital ownership, productive capacity and employment in the past two decades. Financial deregulation and the application of new information and communications technologies facilitated corporate strategies of diversification. Waves of merger and acquisition activity, coupled with efforts to engage front-office staff in the cross selling of financial products blurred the boundaries between the industry's sub-sectors; banks and building societies, insurance and pension funding. The industry had 1.1 million employee jobs at June 2005, 4.2 per cent of all employee jobs in the UK (ONS). Women's share of employment increased and reached 60 per cent in the banks and building societies sector in the early 1990s. The administration and clerical grades in which women's jobs are concentrated, however, have become vulnerable to outsourcing and off-shoring.

The sector has a long history of employer-sponsored nonunion employee representation. TUC affiliated trade unions found it difficult, in particular, to expand in the fragmented building societies sector where staff associations proliferated in the 1960s and 1970s (Danford *et al.*, 2003). There were similar developments in insurance, but the TUC-affiliated Manufacturing, Science and Finance (MSF) union had a long presence, formerly as ASTMS. Union density in financial intermediation was above 40 per cent at the start of the 1990s, but thereafter fell to around 26 per cent currently (ONS). TUC unions have had difficulty in extending membership in call centre operations and

sustaining it in the branch networks. There have been union opportunities as well as challenges. Job security was undermined from the early 1990s, new HRM performance management regimes were introduced in the drive for 'customer focus' and sales, and there has been work intensification. Mergers have been one union response to membership decline. The TUC affiliated Banking, Finance and Insurance Union (BIFU) allied with independent staff associations in 1999 to form UNIFI that in 2004 merged with AMICUS, that includes the MSF. The leadership of the 'super union' has been prepared on occasions to sanction industrial action in support of pay demands (Arrowsmith 2005). However, this is alongside the conclusion of partnership agreements with employers that persist with union recognition (Wills, 2004; Haynes and Allen 2001).

The Case Study Companies

Our research in 2002/3 was conducted at a demutualised building society, now owned by a bank headquartered outside the UK, and an insurance firm that is the UK head office of a European multinational insurance corporation. We refer to these as FinanceCo and InsuranceCo respectively.

FinanceCo

Under new ownership from the late 1990s, the corporate structure was divisionalised to make managers accountable for the profit or loss performance of separate business units. The product market strategy of 'customer relationship management' was accompanied by a drive for efficiency savings from work reorganisation, including the extension of call centre operations and generic work teams. HRM practices included

'market driven' and 'merit based' pay. Employment totaled 2,700 in 2002/3. A majority of staff worked in the consumer sales and service business unit (including the branch network), 800 were in the mortgage lending and processing business, and 300 in head office support.

The organisation had always been nonunion and before the 1990s had no provision for employee representation. An enlarged HR department, however, instituted the 'partners council' (PC) system from the early 1990s as a 'management alternative to trade unions' (manager interview). All employees (including managerial staff) were automatically PC members. Workplace constituencies of 30 to 35 employees elected (by individual ballot) a representative to a PC - there was a council for each business unit following divisionalisation - that met on a monthly basis. PC chairs met thereafter as a separate group. Their constitution provided 'rights' to be informed and consulted by management, principally about HR matters.

Managers argued their practices had become more pluralist over the 1990s. In instituting the PC system their aim initially had been to promote 'partnership and teamwork', the template being the John Lewis 'employee partnership'. The emphasis in the second half of the 1990s had shifted to 'employee representation and involvement' (HR manager interview) as the means of enlisting employees' commitment and cooperation with workplace change. An influence was the anticipation of labour law change under the incoming Labour government. PC representatives were sponsored through employment law training so they could become involved in representing employees in grievance and disciplinary cases. This complemented a principal management objective for the PC system, union avoidance. Thus while there were

managers who saw the system as a step towards the 'democratisation' of the workplace, its value for them was that it was 'not a trade union with an agenda independent of the company's' (manager interview). Their anxiety was whether employees regarded it as anything more than a 'talking shop'.

UNIFI had members in the branch network and from the end of the 1990s was targeting FinanceCo as potentially vulnerable under the new government's proposed statutory union recognition procedure. Management's response was to pre-empt further external involvement by organising a workforce ballot on union recognition, conducted under independent scrutiny. Employees were asked whether they wanted union recognition or representation via a PC system with greater authority. While a majority favoured the latter around a third of the votes cast were for union recognition. The PC system was re-launched with a full-time officer role, a management commitment to extend the scope of consultation to business as well as HR matters and to consult at an earlier stage in the decision-making process. In addition the company's chief executive applied his authority and, in the words of one HR manager, 'almost ordered line managers to take the partners councils seriously'.

InsuranceCo

The core business was a niche insurance market but the company diversified in the 1990s into the uninsured loss recovery (ULR) trade. A new office was opened and in 2003 employed 120 staff. Total employment increased to 500. The workforce included brokers, professionally qualified solicitors who staffed a legal advice service for claimants, administrative staff and call-centre operatives. As at FinanceCo, women comprised two thirds of the employment total. And, as at FinanceCo, managers were pursuing efficiency

savings and restructuring performance management systems. In 2002/3 pay bands were being displaced by competency-based pay determined through individual appraisal.

MSF, now AMICUS, had been recognised since the 1970s for the purpose of negotiating pay and conditions. Union density was around 80 per cent at the start of the 1990s but fell thereafter. Union representatives attributed this to the expansion of employment and recruitment of individuals socialised in the Thatcher era. Few mentioned the legal proscription of closed shop agreements, although this would seem to have contributed. At the end of the 1990s management had sought and the union accepted a 'collaborative' relationship. The written agreement asserted that 'changes necessary to maintain or improve the Company's commercial success are a joint concern of managers and staff'. Management committed to provide 'the greatest possible stability of employment and earnings' and the union to 'cooperate fully in the implementation of measures designed to sustain or increase efficiency or profitability'.

As at FinanceCo, there were management concerns about the adequacy of the employee representation arrangements. Union density fluctuated around 45 per cent. Two issues had become intertwined. Did reliance on the single channel of union representation remain an effective management approach? Would it be adequate once the EU ICE Directive was enacted? There was a European Works Council at the level of the parent organisation but no local consultation forum inclusive of all employees. HR managers discussed the logic for retaining the extant arrangements in terms of the legitimacy that the union's involvement conferred in the management of change. As one argued:

Because if you want to get through change, let's say in terms of contract, say we want to change the shift patterns, it's much better to get the unions on board, to

get them to help us through that change and then, having agreed with them, then it's binding on the whole company whether they're members or not.

Formal union-management meetings were held each quarter. The scope of the employment and HR issues considered in these and more ad hoc meetings expanded; an HR manager argued that the unions were now involved, or consulted, on all such matters. A range of direct channels of communication with employees was also in place, ostensibly matching the partnership commitment to transparency through information sharing.

Employees' Voice: Involvement at Work?

Partnership theory proposes that indirect and direct employee participation can be integrated to achieve an enhanced voice in organisational decision-making for employees that translates, for the employer, into a more committed and productive workforce. Direct employee participation includes direct communications that may be one-way, downwards from management, or provide some scope for employees to present their views to management. It is the latter, two-way communications that Bryson (2004) includes as 'direct voice' in his analysis of the WERS98 data testing the effectiveness of different employee voice regimes in terms of employees' positive perceptions of managerial responsiveness; their proclivity for information-sharing and employee consultation. Our questionnaire included the relevant WERS98 employee survey questions and also asked employees to rate managers' performance in involving them in organisational decision-making.

Each of the case study organisations practised downwards communications; the use of notice-boards, staff magazines, intranet and email systems. Each had two-way communications schemes; team briefing systems that provided employee 'question time', employee attitude surveys, focus groups, opportunities for staff to quiz senior managers, and face to face staff appraisals. There were important differences in the ways in which the two companies managed these communications systems and attempted to integrate them with the arrangements for employees' indirect participation in decision-making. The employee interview and survey data nevertheless showed substantial similarities in the employees' experience. The survey responses are compared in Table 1. While a third of respondents at each organisation thought managers poor or very poor at keeping people up to date about proposed changes, employees were more likely to feel they were informed than they were to feel they were involved in decision-making.

Table 1 – about here

FinanceCo

Managers suggested they used direct communications in a structured and purposeful way.

In the process they made it clear that they viewed the PC system of employee representation as among the channels for relaying information to employees about decisions managers had made.

Decisions are made by the decision makers who are usually the management team. ... The proposal, when it's ready for launch, goes first of all to the Partners'

Council or the chair of the Partners' Council and almost at the same time ... it goes to the people affected, so they are all brought in for a face to face briefing ... They in turn are given guidelines as to how to roll out to their staff. That's the commitment bit. Staff are given a hard copy or can access it from the intranet and then give feedback. ... either through the intranet, they can go to their Partners' Council representative, or they can come to line management and HR. (HR manager).

There was evidently an aim of creating consent for the management agenda. Yet many of the employees we interviewed were frustrated by the practices entailed.

The sheer volume of information targeted at them or made available to them was overwhelming.

I think the organisation is trying to communicate but it's quite a fine balance between giving you enough information and enough relevant information and just kind of like splattering the information. (Female administrator, consumer sales)

Some employees were satisfied they were being involved through team meetings, team briefings and the 'fun days' or 'commitment days' organised by departmental managers.

Many others were satisfied simply that they had opportunities 'to moan' or to ask questions, and some were cynical of management objectives.

You see they have lots of fluffy language going on at the moment ... So they have objectives like 'having fun', saying it is an open company, but then that all goes basically to profit, doesn't it? The whole point of having that is to get the kind of atmosphere in the workplace where we're going to get most profit. ... but that is touchy-feely profit. (Female professional, mortgages).

Three criticisms of management practices recurred in the employee interviewees. The first was that team meetings and briefings centred narrowly on immediate operational issues. The second was the doubt that staff views were relayed back up the management hierarchy. Indeed, some felt their line manager's chief objective was to keep staff

motivated by not explaining the pressures for higher performance they themselves were under.

I think we've been protected a bit from what's being expected of our team leaders and the management. Basically we just get the OK, that you're needed to do this, hit these targets and sales. I'm not sure what their priority is supposed to be and why they are asking us for this or how much pressure they are under over it. (Female clerical worker, mortgages).

Finally, employees felt that line managers were not receptive to questioning about particular issues, central to staff concerns, such as pay or how performance targets were established.

Those sorts of things we just don't get involved in. I probably wouldn't feel confident in asking that, to be honest. There's some things people have said. It doesn't feel like they're particularly open to that sort of thing. (Female clerical worker, customer sales).

InsuranceCo

HR managers were candid about an elision between the formal, 'open communications' policy and current practice. Authority had been devolved to departmental managers, to 'run the department in the best way they think fit' and staff communications was not always a priority. The HR department had made its own innovations, however, including the appointment of a 'dedicated' communications officer whose role was to disseminate information - about the business and HR matters - to the workforce as a whole. A stated aim was that of catering for the nonunion section of the workforce. Yet the initiative instigated a dualistic arrangement that managers could use selectively. For example, the union had been informed about the major overhaul of the performance management system in 2002, while management used a focus group exercise to persuade employees of the benefits of the new pay and appraisal system.

Most employee interviewees thought they received adequate information about the business. Much of this was by email and for workers in the geographically separate ULR business in particular, reinforced the idea that senior managers were remote and of the view that:

they make decisions and we're here to abide by them rather than, perhaps, "let's discuss them and then implement them" (Female administrator, ULR business).

As at FinanceCo, employees felt team briefings were largely to focus attention on local performance targets. Survey participants were less likely than their FinanceCo counterparts to feel they had opportunity to comment on proposed changes (Table 1).

Arrangements for gathering staff 'feedback' were less highly structured than at FinanceCo. On the other hand, InsuranceCo employees were the more likely to feel that managers responded to their suggestions, even though only 51 per cent of survey participants were of this view. The survey showed some differences in union and nonunion members' evaluation of management, but there was no consistent pattern. Union members were not invariably the most critical.

Indirect Participation: influence in workplace management?

FinanceCo's PC system offered all employees representation in a consultation forum. The union at InsuranceCo was the single channel for collective consultation and negotiation on some issues; union-management agreements applied universally, across the workforce as a whole. Obviously for any indirect participation arrangement to serve its purpose there needs to be accountability between representatives and the represented. We begin

with this issue and then compare PC members' and union members' evaluation of their indirect influence in workplace management.

Representatives and members

FinanceCo. All surveyed employees reported they were aware of the PC system and 97 per cent indicated they knew the identity of their representative. This impressively high level of awareness might perhaps have been anticipated; management had invested effort and organisational resources to make the PC system salient to employees, as an alternative to union representation.

Most survey respondents (82 per cent) agreed that their representatives expressed their views in the PC. Yet the finding needs to be considered with other insights, from the interview data. Many employees thought it could be difficult to get volunteers to stand for election as PC representatives. The company provided facilities, including time off. But individuals had to have sufficient interest to assume the role, or regard it as complementary to career development. Among the representatives we interviewed, some had actively sought office. Others had been encouraged by their line manager to stand, if only because there was a shortfall of volunteers and line managers were under pressure from their managers to make the employee representation system 'work', which meant ensuring it was staffed.

Representatives clearly took the role seriously, in the sense of being assiduous in their efforts to report back to constituents and to elicit views. Much of the communication was by email, so employees were informed and consulted individually. A majority among the survey participants thought representatives good at communicating with members

(Table 2). Representatives, however, complained that employees were not interested in PC activities. The following was a typical comment.

I'd like to see ordinary people actually getting involved more and participating more, giving me feedback more, because it's a bit like pulling teeth. For example, there are about eight policies up for review this quarter. I've alerted my constituents to the fact that these HR policies are up for review and do they have any issues, feedback, comments? And nothing has come back.

Some representatives argued that employees were insufficiently aware of the potential influence the PC could exert. The more common interpretation, however, was that employees' apparent apathy reflected a measured evaluation of the PC's limited remit and influence in organisational decision-making.

InsuranceCo at the time of our research had no UK consultation forum inclusive of the nonunion workforce. There was a European Works Council. A majority of surveyed employees (58 per cent) were aware of its existence. Only a minority (41 per cent), however, professed to know the identity of their representative, and consequently a majority (53 per cent) 'did not know' if their views were represented. The UK rep emailed updates about the EWC, but the staff interviews suggested that the agenda of items was rather remote from employees' concerns.

Senior managers valued the cooperative relationship they had with union representatives and argued that they did what they could to support union joining. For example, newly recruited employees were asked if their contact details could be passed to the union. However, management's interest in working with the union was the legitimacy conferred on management decisions, and not all union activity was regarded as functional in these terms. HR managers made it clear that they monitored the facilities agreement and the amount of time representatives spent on union work in the workplace.

A majority of union members included in the survey (55 per cent) thought the union good at communicating with members (Table 2). Yet many among those interviewed thought the union was remote, and the grievance was most pronounced at the ULR business where union meetings apparently were a rare event. A general complaint was the lack of opportunity to be actively involved in the union.

We don't ever get told, the union aren't forever banging their drum. I don't hear any of that at all. So we don't get monthly updates or anything like that. So you just pay your dues and then hopefully the union are there if you need them.
(Female administrator, head office).

Table 2 – about here

Influence in Workplace Management

FinanceCo staff representatives typically compared the PC with trade union representation, or their understanding of what that might entail. In the process they divided between PC advocates and sceptics. Advocates included individuals who thought unions 'too political' and others with a vested interest in the success of FinanceCo's homegrown alternative. For the latter, it was the PC's consensual orientation that gave it a 'competitive advantage' over trade union representation, although it would seem the appeal was aimed more at management than employees. One representative argued that:

... if you take the viewpoint that you are purely here to do what the staff want, regardless of whether it's good for the company or not, then ultimately we are going to be seen as obstructive and therefore they might as well have a union because what's the difference?

Sceptics thought the PC lacked the credibility of a trade union and as a result was of limited interest to employees. First, it was limited to consultation and had few sanctions to hold management to the commitment to consult. To quote one representative it was 'a union that has no teeth'. Second, although the scope of consultation had increased, discussion of the distributive issues that might be thought of central interest to employees - pay, employment terms and conditions - was still largely precluded. For one representative this was the root cause of the 'awful lot of apathy generally from staff towards the partners' council'. Third, representatives complained that the PC dealt largely with 'housekeeping issues' and issues of concern to the HR department, and that on important matters management had made 'a lot of the key decisions ... before they get to the partners council and they ask for our input'. The final and overarching criticism was that the system was not independent from management.

... although it's written in the policies and so forth that we are an autonomous party, we're not really that autonomous because management can interfere in a lot of things ...

An example was the HR department's insistence on vetting the short-list of candidates for the full-time officer role. Managers had staff representatives whose presence in the PC, many interviewees felt, dissuaded employees from voicing grievances. A professional head office worker, for example, argued that 'I think you really have to trust your partners' council rep. to not do you an injustice when representing you'.

In the interviews and questionnaire survey employees were found to be largely sceptical of the PC's influence. The survey findings are summarised in Table 3. A bare 3 per cent of respondents felt the partners' council had a lot of influence over pay. Only a third (38 per cent) thought it had influence over working conditions. And since less than

half (48 per cent) of respondents thought the PC was taken seriously by management it is not surprising that only a third (36 per cent) thought it 'made a difference to what it is like to work here'. Perhaps the most damning criticism was the comment of one among the clerical workers interviewed who thought the PC was 'some sort of suggestion scheme'.

Table 3 – about here

InsuranceCo had union recognition, negotiated pay and had forged a cooperation agreement that ostensibly made the union a partner in the management of workplace change. Union members had greater confidence in their representatives' influence in workplace management than FinanceCo employees had of their nonunion PC, as is shown by the comparison of the survey findings in Table 3. However, on some measures the contrast was marked principally because of the limited faith PC members had in the influence wielded by their representation body.

That less than a third of InsuranceCo union members (29 per cent) thought the union had a lot of influence on pay perhaps is not surprising in a period of low price inflation. Nonetheless there were union members at InsuranceCo who felt their representatives too willing to compromise in negotiations with management, while union representatives argued - somewhat fatalistically - that pay was now determined from abroad, by the parent company. The main point, however, is that the union's positive response to the company's invitation to cooperate in workplace change had not given a fillip to the union's perceived influence and the most obvious reason is that employees had experienced workplace change as benefiting principally the company. They had conceded flexibility in working time and tasks, and two thirds of all employees surveyed

felt their work had been intensified in recent years whilst annual pay settlements had been modest.

Most union members included in the survey (78 per cent) believed that the union was taken seriously by management. This was a clear contrast with the way in which FinanceCo PC members viewed their nonunion representation body. The PC suffered from its perceived lack of independence from management. The union at InsuranceCo was not handicapped in this way but it struggled to convince members and potential members that its cooperative stance was reciprocated by influence in management. Only 46 per cent of union members in the employee survey thought the union made much difference to 'what it is like to work here'; a third (31 per cent) were undecided on the issue.

Representation at work

FinanceCo. A majority of employees voted in 2001 to retain the PC system, although in the knowledge that it was their managers' preference and on the understanding that its influence would be strengthened. Many of the staff representatives interviewed in 2002/3 argued that in practice little had changed, and our research found that employees in general were not convinced the PC had influence in management or were confident it could perform other representation functions.

The PC was prohibited from negotiating pay. And since pay had been individualised and made dependent on performance, as assessed at an individual appraisal by line management, it is not surprising that most surveyed employees thought they themselves or their line manager their best representation in securing a pay increase

(Table 4). Relatively few surveyed employees (29 per cent) felt that PC representation was their best option for resolving a work-related grievance. As discussed earlier, its efficacy as a channel for voicing employee grievances was compromised by employee fears that their identity - as complainants - would become obvious to managers who were represented in the PC, or had access to the minutes. Indeed some staff representatives argued that in the current, relatively buoyant labour market employees were more likely to quit than attempt to secure redress for their grievances through the PC. The company sponsored staff representatives' employment law training, so that staff representation in individual grievance and disciplinary proceedings could be handled in house. Yet there were managers who doubted that staff representatives had the confidence or expertise for the task and clearly many employees felt similarly. Only 29 per cent of survey respondents felt PC representation their best option, in the event of facing disciplinary action from managers.

Table 4 – around here

InsuranceCo. Union members believed the union was taken seriously by management which in a sense was the case; its *in situ* presence meant it could not be ignored. Yet union members did not perceive their representatives as having great sway in workplace management; they did not see its cooperative stance being reciprocated by management. They were more confident than their counterparts at FinanceCo in their representation body's ability to perform traditional union functions. That said, the union had acquiesced

in the pay reforms introduced in 2002/3, that threatened greater individualisation of reward, and in the employee survey two fifths of union members felt self-representation rather than union representation their best option for gaining a pay increase (Table 4).

Workplace union representatives explained that much of their union work was about individual advocacy; organising in the workplace was not mentioned frequently. Many managers affirmed the union's effectiveness. Line managers complained that union representatives were overly zealous in advocating the employee's case. HR managers, in contrast, valued the union's services in helping to resolve what might otherwise be difficult and protracted disciplinary proceedings. Among union members were those who referred to representatives being on hand to 'fight for you' and 'do everything they can' for individuals in trouble at work, and 83 per cent included in the survey thought union representation their best option in the event of facing disciplinary action from management. Yet the problem for the union was convincing the majority of the workforce of the benefits of subscribing for such support.

Nonunion members included those who had resigned from the union and the larger number who had never joined. Many who were interviewed argued that the union did not appear to make a difference, or a sufficient difference, to make union joining worthwhile or worth the cost. But they divided between those who felt the union did not address their needs and others who professed to feel sufficiently secure to not need the union. There were some in both groups who admitted they were 'free riders', enjoying union services - including the assurance of having a union to hand in the event of a problem at work - without paying subs.

Well, things they do like negotiating for paid paternity leave. I benefit from that anyway. I don't have to be a member for them to negotiate that. They negotiate that as a staff benefit. (Female technician, head office).

Union density fluctuated with peaks achieved at times of crisis. For example, there had been redundancies at the ULR business in 2002, notwithstanding the 'job security' provisions of the union-management cooperation agreement. This had activated the latent demand for union representation; the union was reported to have gained members. Yet the problem was one of sustaining such membership 'surges' and retaining in the union the recent recruits. An active workplace union presence, orientated towards union organising, was required but was constrained not least by managers' conscientious application of the union facilities agreement.

Conclusion

Partnership has been the dominant refrain in proposed solutions for the 'representation gap', certainly in the management literature as in public policy. Its theory suggests that workplace democracy and business efficiency can be advanced symbiotically and through an integration of direct and indirect employee participation. This article compared employee evaluations of partnership practices at two organisations in the UK financial services with nonunion and union representation respectively. It showed the similarity of the employees' experience was their felt lack of 'empowerment'. Many employees at both organisations felt controlled rather than involved by the profusion of management schemes for communicating directly with them, since the central message was the need to cooperate with organisational performance targets. In general, neither FinanceCo's PC

members nor union members at InsuranceCo thought their representation body exerted much influence in management, although the reasons differed.

The PC was a management construct, instituted with three main objectives: to achieve employee commitment to corporate goals, accommodate legal obligations, and to sustain union avoidance. Because it was not seen as independent or relevant, however, employees in general were not interested in its affairs. Its agenda was dominated by the HR department that regarded the PC as an adjunct to other 'two way' means of communicating company priorities to staff. Its composition did not inspire employee confidence that grievances could be voiced without retribution.

Union density had fallen at InsuranceCo but insufficiently for the union's 'presence' to be ignored. The management strategy was to include the union in a cooperation pact as the means of managing workplace change. This was a largely one-way exchange of moderation on the union's part. Coerced by inter-firm competition and the need to achieve 'added value' from the workforce, the company was unable to concede union influence in the traditional bargaining agenda or beyond it. Indeed, the new performance management system limited the union to negotiating the distribution of the 'pay pot'.

Union members in general remained committed to union representation although were not uncritical of their union leadership. Workplace representatives were considered insufficiently assertive - as opposed to incorporated - and remote so that members' involvement was passive. The union's resources and orientation towards organising, however, were constrained by the cooperation agreement. Nonunion employees by and large valued the union's presence as insurance. Some felt comfortably situated not to need

representation. Others articulated a 'frustrated demand' (Bryson, 2003) for effective representation. That is to say while they wanted redress for grievances - as regards pay, workloads, equality of opportunity, management style - they did not think the gains from union membership proportionate to the charges.

REFERENCES

Ackers, P. and J. Payne (1998), '*British Trade Unions and Social Partnership: Rhetoric, Reality and Strategy*', *International Journal of Human Resource Management*, 9, 3, 529-549

Ackers, P., M. Marchington, A. Wilkinson and T. Dundon (2005), 'Partnership and voice, with or without trade unions: changing British management approaches to participation', in M. Stuart and M. Martinez Lucio (eds.) *Partnership and Modernisation in Employment Relations* (London, Routledge)

Arrowsmith, J. 2005. 'Job losses and strike threats hit banking sector', Eironline May, www.eiro.eurofound.eu.int/feature/uk0505106f.html

Badigannavar, V. and J. Kelly (2003), 'Labour-Management Partnership in the Non-Union Sector', paper for the 21st *International Labour Process Conference*, University of the West of England, 14-16 April 2003

Bryson, A. (2003), *Employee Desire for Unionisation in Britain and its Implications for Union Organising*, PSI Research Discussion Paper 12

Bryson, A. (2004) 'Managerial Responsiveness to Union and Nonunion Workers' Voice in Britain', *Industrial Relations* 43, 1, 213-41

Danford, A., M. Richardson, and M. Upchurch (2003), *New Unions, New Workplaces: a study of union resilience in the restructured workplace* (London, Routledge)

Guest, David E. and Neil Conway (2004) 'Exploring the paradox of unionised worker dissatisfaction', *Industrial Relations Journal* 35, 2, 102-121

Hall, M. and M. Terry (2004), 'The Emerging System of Statutory Worker Representation', in Healy, G., Heery, E., Taylor, P. and Brown, W. (Eds.) *The Future of Worker Representation* (Basingstoke, Palgrave Macmillan)

Haynes, P. and M. Allen (2001), 'Partnership as union strategy: a preliminary evaluation', *Employee Relations* 23, 2, 164-87

Heery, E., G. Healy and P. Taylor (2004), 'Representation at Work: Themes and Issues', in G. Healy, E. Heery, P. Taylor, P. and W. Brown (eds.) *The Future of Worker Representation* (London, Palgrave Macmillan)

Kelly, J. (1996), 'Works councils: union advance or marginalization?'. In A. McColgan (ed.) *The Future of Labour Law* (London, Pinter).

- Kelly, J. (2005), 'Social partnership agreements in Britain'. In M.Stuart and M.Martinez Lucio (eds.) *Partnership and Modernisation in Employment Relations* (London, Routledge)
- Kim, Dong-One and Kim, Hyun-Ki (2004), 'A comparison of the effectiveness of unions and non-union works councils in Korea: can non-union employee representation substitute for trade unionism?' *International Journal of Human Resource Management* 15, 6, 1069-1093
- Kochan, Thomas A. and P. Osterman, Paul (1994), *The Mutual Gains Enterprise: forging a winning partnership among labor, management and government* (Harvard Business School Press)
- Rogers, J. (1995) 'United States: Lessons from Abroad and Home' in J.Rogers and W. Streeck (eds.) (1995), *Works Councils.Consultation, Representation and Cooperation in Industrial Relations* (Chicago and London, The University of Chicago Press)
- Taylor, P. and H. Ramsay (1998), 'Unions, Partnership and HRM: Sleeping With the Enemy?' *International Journal of Employment Studies*, 6, 2, 115-143
- Terry, M. (1999), 'Systems of collective employee representation in non-union firms in the UK', *Industrial Relations Journal* 30, 1, 16-30
- Wills, J. (2004), 'Trade unionism and partnership in practice: evidence from the Barclays-Unifi agreement', *Industrial Relations Journal* 35, 4, 329-343

**Table 1. Employees' Assessment of the Extent of Direct Communications and Involvement
(FinanceCo, n = 128; InsuranceCo, n = 129)**

	very good (%)	Good (%)	Poor (%)	very poor (%)	Undecided (%)
<i>How good are your managers at keeping everyone up to date about proposed changes at work?</i>					
FinanceCo	9	49	30	6	6
InsuranceCo	6	50	32	6	6
Union members	4	51	36	2	7
Non members	8	49	28	10	5
<i>How good are your managers at providing the chance to comment on changes?</i>					
FinanceCo	6	52	28	7	7
InsuranceCo	3	42	43	5	7
Union members	0	40	45	6	9
Non members	5	43	42	4	6
<i>How good are your managers at responding to suggestions from employees?</i>					
FinanceCo	3	39	37	11	10
InsuranceCo	5	46	34	2	13
Union members	2	51	32	4	11
Non members	7	42	35	1	15
<i>How good are your managers at involving employees in decision making?</i>					
FinanceCo	5	37	40	6	12
InsuranceCo	6	39	38	7	10
Union members	9	38	38	6	9
Non members	3	40	38	8	11

Table 2. Employees' evaluation of contact with and communication from partners' council/trade union representatives. (FinanceCo, n = 128; InsuranceCo, n = 129)

	Frequent (%)	Occasional (%)	Never (%)	I am a representative (%)	representative not known (%)
<i>How frequently do you have contact with representatives about workplace matters?</i>					
FinanceCo	29	45	20	5	1
InsuranceCo	3	27	58	2	10
Union members	6	46	46	2	0
Non members	1	13	68	0	18
	Strongly agree (%)	Agree (%)	Disagree (%)	Strongly Disagree (%)	Undecided (%)
<i>'the partners' council/trade union here is good at communicating with members'?</i>					
FinanceCo	8	72	6	3	11
InsuranceCo	5	37	16	1	41
Union members	11	44	20	4	21
Non members	0	31	12	1	56

Table 3. Employees' assessment of partners' council/trade union influence at the workplace. (FinanceCo, n = 128; InsuranceCo, n = 127)

	Strongly agree (%)	Agree (%)	Disagree (%)	Strongly disagree (%)	Undecided (%)
<i>The partners' council/trade union has a lot of influence over pay</i>					
FinanceCo	0	3	42	32	23
InsuranceCo	4	18	31	7	40
Union members	8	21	38	7	26
Non members	1	16	26	9	48
<i>The partners' council/trade union has a lot of influence over working conditions</i>					
FinanceCo	3	35	32	10	20
InsuranceCo	5	29	25	1	40
Union members	11	35	30	4	20
Non members	0	23	21	1	55
<i>The partner's council/trade union is taken seriously by management</i>					
FinanceCo	2	46	22	9	21
InsuranceCo	7	52	9	1	31
Union members	11	67	4	2	16
Non members	4	40	13	1	42
<i>The partners' council/trade union makes a difference to what it is like to work here</i>					
FinanceCo	2	34	31	7	26
InsuranceCo	6	31	20	3	40
Union members	13	33	19	4	31
Non members	0	29	23	3	45

Table 4. Employees' evaluation of who best represents them (FinanceCo, n = 128; InsuranceCo, n = 129)

FINANCECO	Myself (%)	partners council (%)	line manager (%)	undecided (%)
<i>Who do you think would best represent you if you want to gain a pay increase?</i>				
	33	10	49	8
	Myself (%)	Partners council (%)	Trade Union (%)	Undecided (%)
<i>Who do you think would best represent you if you have a work-related grievance?</i>				
	43	29	14	14
<i>Who do you think would best represent you if a manager wanted to discipline you?</i>				
	38	29	15	18
INSURANCECO	Myself (%)	Trade Union (%)	Another employee (%)	Someone else (%)
<i>Who do you think would best represent you if you want to gain a pay increase?</i>				
All respondents	62	30	5	3
Union members	43	50	6	1
Non members	77	15	4	4
<i>Who do you think would best represent you if you have a work-related grievance?</i>				
All respondents	57	32	6	5
Union members	37	52	5	6
Non members	72	17	7	4
<i>Who do you think would best represent you if a manager wanted to discipline you?</i>				
All respondents	43	47	6	4
Union members	13	83	0	4
Non members	61	24	11	4