

# Staff engagement v management control – the partnership dilemma

John Kirkham



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This paper builds on the latest research into employment relations partnerships, to argue that there is a fundamental dilemma for employers wanting to adopt a partnership approach with employee representatives – a conflict as fundamental as that between the interests of employer and employed. Employers talk of staff engagement, and yet demonstrate reluctance to accept any interference with management’s decision-making discretion. It will be argued that the twin aims of staff engagement and management control are in competition, and that employers need to compromise their control in the employment relationship, or compromise staff engagement – one must fall victim to the other. This is considered a significant challenge for the leadership of today.

## Defining partnership

Despite much enthusiasm and government support for partnership working in the field of employee relations, Dietz suggests that ‘very few genuine examples have been identified’.<sup>1</sup> It is indeed difficult to identify ‘genuine’ examples when there is no agreed definition of partnership,<sup>2</sup> when the term has ‘become too diffuse to carry much meaning’<sup>3</sup>, and this author would suggest there are so many ‘employee voice’ mechanisms masquerading under the banner of partnership as to undermine the potency of the principle. It is proposed that genuine partnership working gives employees (directly or through their elected representatives, trade union or non-union), an influence over management decision-making – from the ‘glint in the eye’ of generating ideas – through the ‘what’ of proposals – to the ‘how’ of implementation. ‘Mutuality’ is a central principle, recognising differences of interest as legitimate, whilst working together to achieve common interests and shared goals.<sup>4</sup>

## In favour of partnership

According to Jones, partnerships deliver enhanced opportunities for dialogue, create more dynamic, flexible and committed workforces; which are better able to deal with change, and hence engender reduced potential for conflict.<sup>5</sup> Freeman and Rogers produce evidence demonstrating that employee representation motivates workers, engenders commitment to the organisation, assists the implementation of change, and delivers “continuous improvement in the organization of production and work – the sine qua non of contemporary business success.”<sup>6</sup> A report by the DTI confidently concluded “all of the case study firms featured in this study assert that their adoption of a partnership-based approach has helped them to achieve enhanced competitive performance.”<sup>7</sup>

TUC General Secretary Brendan Barber recently highlighted the contribution of partnership to improving productivity and management decision-making where it is influenced by collective voice: “All the research shows that organisations that consult both individually and collectively perform the best. Too many UK managers prefer the easy option of command and control, edict and order. But while it may be harder, a consultative approach produces more in the long run.”<sup>8</sup>

In their joint report ‘Moving Partnership On’, IPA and Unions 21 claim partnership is not a thing of the past. It recognises that in partnerships there are conflicts of interests, on which issues, collective bargaining and negotiation remain the most appropriate course of action; whilst there are those areas where management and unions can gain a lot from joint working and decision-making.<sup>9</sup> Coats agrees: “the best union management relationships are about partnership and disagreement. To characterise

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success as depending on either one or the other is inconsistent with the pluralist frame of reference.”<sup>10</sup>

The IPA/Unions 21 report says there is a need to refocus partnership working away from senior trade unionists and managers and towards employees on the front line. Crucially, unions and management need to establish effective working relationships at all levels and all locations of a company. The report identifies leadership from managers at all levels, and shop stewards, as essential to encourage partnership behaviours among the wider workforce. John Gilkes, HR adviser at Roffey Park management school, agrees: “Enlightened leaders understand the critical importance of engaged employees and are prepared to involve them and their representatives in genuine joint problem-solving.”<sup>11</sup>

A study into the Legal and General – Amicus partnership found that early tensions were overcome as partnership began to demonstrate influence over management decision making, with a consequent increase in membership and strengthening workplace organisation.<sup>12</sup>

A pan-European report into economic development concluded: “Winning support for change from employees can dramatically expand a company’s scope for successful adaptation to changing circumstances. Firms which have developed a climate of partnership with their workforce will be able to react more rapidly and effectively in the face of change.”<sup>13</sup>

## Is partnership ‘phoney’?

Kelly is a leading exponent of the ‘conspiracy theory’ that partnership is a capitalist plot to undermine the potency of independent trade unions.<sup>14</sup> The widespread misuse and abuse of the partnership label is just one reason the principle has become devalued. Others include the government’s falling enthusiasm since

the heady days of ‘stakeholder’ commitment.<sup>15</sup> The European approach to partnerships tends to involve all workers, not just trade union members, and this is a fundamental challenge to the traditional trade union monopoly on worker representation. The credibility of partnership has been stretched in recent years by high-profile arguments over ‘fat-cat’ director emoluments and simultaneous reduction or withdrawal of workers’ pension entitlements. Little wonder then that we have seen a growing general disaffection with the partnership concept amongst trade union leaders.<sup>16</sup> Union attitudes have changed since John Monks heralded a “new industrial relations climate . . . to build partnership at work . . . High trust and mutual respect based on an understanding of each other’s legitimate interests is much tougher than ‘us and them’. But unions and increasing numbers of employers can see the real benefits of working together.”<sup>17</sup>

The arguments against are more circumspect, although in some cases more colourful. For example, RMT General Secretary Bob Crow: “there’s a trend taking place now and the trend is all on the same thing - traditional trade unions fighting on behalf of their members;”<sup>18</sup> Amicus General Secretary Derek Simpson: “the concept of unions and bosses working in partnership is ‘waffle’ – management are there to run companies and unions to ensure their membership is fairly treated.”<sup>19</sup> A Government Minister was reported as saying of the new trade union leaders: “They aren’t very interested in the Labour party and certainly would not be impressed by an invitation to No 10 for dinner. They want an old-fashioned trial of strength.”<sup>20</sup>

More recently Transport and General Workers Union General Secretary Tony Woodley announced: “As a union, we’ve turned our back on the phoney partnership approach of the 1990s, the belief that if unions took due account of the gaffer’s interests, he would guarantee us all a job for life and decent

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pay. It was a fraud, and everybody knows it. It left bad bosses laughing all the way to the bank and hundreds of thousands of our members - never mind the non-members - wondering what on earth the point was in being a trade unionist. We have drawn a line under that. Our focus is on winning in the workplace, standing up for working people. Having the confidence to fight back for justice . . . If we fight we may not always win, but if we don't fight we will surely lose."<sup>21</sup>

Oxenbridge and Brown consider that the term partnership "has become too tainted for use among many trade unionists, even if they appear to practice partnership behaviours"<sup>22</sup> and union members they interviewed also favoured a traditional and adversarial union stance.<sup>23</sup>

The focus on enterprise management, cost-reduction, competitive markets, primacy of measures of financial performance, devolved management and the generally weak strategic role of the personnel function; all preserve management prerogative and marginalize partnership principles.<sup>24</sup> Even partnership protagonists Guest and Peccei recognised that, even in organisations favourable to partnership, "management trust in employees and their representatives remains relatively low" and that "management would appear to be gaining more from the practice of partnership."<sup>25</sup>

A commonly cited limiting factor is the reliance of partnership agreements on 'elite' key players. If the 'leading lights' move on, partnership may falter. Also the levels of trust between the leaders often fail to be replicated throughout the organisation.<sup>26</sup>

Terry suggests that the limiters to partnership working in the UK include the reliance on management goodwill; and the danger that union representatives are seen to be 'too close' to management.<sup>27</sup>

## Trust

If the potential advantages of partnership were to be delivered, we could not expect so significant a pay-back without a significant investment in time, resource, and perhaps most profoundly, trust and confidence.

Dietz considers the impact of the 'superficially obvious but essentially complex'<sup>28</sup> aspect of trust on partnership, concluding that the highest level of trust is one based on unity of purpose, where "each party can represent the other's interests with their full confidence."<sup>29</sup> IPA use the word 'trust' in their three commitments,<sup>30</sup> however the word is not explicit in the TUC's six partnership principles.<sup>31</sup> In practice however, every group of workers' representatives and managers seeking to work together cooperatively will soon identify 'trust' as essential to their success.

Dietz concludes that partnership (as defined by IPA and TUC principles), fulfils, in theory, the prerequisites for trustworthy behaviour:<sup>32</sup> "allowing for greater shared input into decisions reflects managers' trust in employees and a willingness to be trusted in return . . . in particular, it helps employees render the factors affecting their working lives subject to some influence."<sup>33</sup>

It is the 'sharing and delegation of control' element of trust, the 'shared input into decision-making', which this paper identifies as the greatest single challenge for management, at all levels, in all organisations, in all sectors.

Bryson found that employees have significantly higher levels of trust in management, where: trade unions were present; were supported by management; and had sufficient power to challenge management. Clearly this research has implications for partnership arrangements which may be perceived by staff as 'sweet-heart' relationships lacking 'teeth'; for Bryson's research also found that "where unions were weak, ineffective, or faced management opposition,

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employees were less trusting of management than where there was no union present<sup>34</sup>.

## Engagement

The research of Guest and Peccei found that “representative participation has no significant positive effect on employee attitudes and behaviour<sup>35</sup> and conclude that both direct and representative participation is necessary to overcome low levels of trust.<sup>36</sup> Geary and Roche also emphasise the involvement of the ‘rank and file’ in the success of partnerships.<sup>37</sup>

Wolverhampton Health Care NHS Trust partnership with Unison has prioritised employee involvement at the workplace level, resulting in greater union participation (with Unison membership increasing from 495 in 1996 to 1007 in 2002).<sup>38</sup>

Burns commented that “most people probably don’t see themselves as stakeholders . . . but those same typically silent stakeholders do sense when corporate decisions will affect them directly, and for the most part they want their views heard.”<sup>39</sup>

A number of commentators identify the problem of ‘elite’ partners; at worst scepticism, and at best ambivalence, among staff and managers. Open communications and reasons for decisions were seen as a minimum requirement; and devolved involvement, consultation and problem solving as the keys to overcoming the disconnect between partnership elite and the majority of staff and managers.<sup>40</sup>

We must however be realistic about the pressures and constraints on managers and their ability to make time for a more consultative approach, for consultation is central to partnership working, and consultation takes time and slows down decision making. A study of partnership in an NHS trust identified the constraints on managers: “the divergent

targets, priorities and interests they were attempting to meet highlight the tangible constraints to a joint problem-solving approach in employee-management relations.”<sup>41</sup> Another study into partnership in two NHS Trusts also identified the pressures on management, and partnership was described as “ebbing and flowing between degrees of conflict and cooperation.”<sup>42</sup>

Sisson makes no apologies on behalf of managers who he considers fail to consult genuinely and concludes that “management gets the industrial relations (and trade unions and the levels of engagement) it deserves.”<sup>43</sup>

Clearly then partnership is not the panacea, and can lead to the perception of ‘a remote elite – a self-serving ‘cosy club’<sup>44</sup>, unless organisations genuinely engage the workforce, including all levels of management. However, this requires a shift in behaviours and attitudes, in order to overcome cynicism and change management decision-making, to demonstrate that ‘partnership’ is part of the culture and not the latest (transient) initiative. The author has experience of the scenario where the Board of a UK company ousted the CEO (and founder), and partnership went out of the door with him.

Dietz found in his research that attitudes and behaviours were of far greater significance than structures and processes.<sup>45</sup> There is synergy here with the work of Childress and Senn on aligning strategy, structure and culture.<sup>46</sup>

Dietz concludes that the partnership process is ‘fraught with risk’, and whilst too much control results in too little trust, he recommends an investment in the behaviours necessary to establish trust.<sup>47</sup>

## Control, influence and confidentiality

Oxenbridge and Brown found that in ‘robust’ partnership arrangements representatives were able to “contribute concepts or ideas at

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the earliest practical stage in the decision-making process . . . involvement in the design of strategies, rather than just the modification or implementation of ready-made management decisions.”<sup>48</sup> Their study goes on to identify the tension which is generated for union representatives when management genuinely consult, at the formative stage of ideas generation, when confidentiality has to be maintained, with shop stewards feeling isolated from their members: “difficulties arose when stewards were unable to justify their adopted position to members, precisely because it was informed by confidential information.”<sup>49</sup> Furthermore, representatives could not prove to their membership “that they had had any influence ‘behind closed doors.’” Similar problems were reported in the Barclays-Unifi agreement.<sup>50</sup>

One of the challenges for organisations which engage parallel consultative and bargaining mechanisms, is the potential for issues to move from consultation to bargaining. Unions will want to see this mobility enshrined in agreements; whereas such an undertaking would undermine management control, which is fundamental to consultation and differentiates it from negotiation.

Oxenbridge and Brown find that informality is an important aspect of successful partnerships.<sup>51</sup> Dietz considers that both formal and informal codes of behaviour are necessary.<sup>52</sup> Work Foundation research finds correlation between high performing firms and “higher degree of informality and continued dialogue supported by simple processes that allow faster decision-making . . . openly share information . . . have visible and accessible leadership and management . . . combined with a culture of employee relations characterized by pride, innovation and strong interpersonal relations.”<sup>53</sup>

Novitz and Skidmore have concluded that “the new culture of consensual workplace relations does not seem to entail so much ‘partnership’ as continued concessions to a management agenda.”<sup>54</sup> Employers who enter into collective bargaining arrangements effectively surrender an element of sovereignty, however the employer’s prerogative is held intact when their commitment does not go beyond consultation. Herein lies the fundamental conflict between management control (through exercise of decision-making discretion) and staff engagement (which is in large part a function of employee influence and ability to exercise control).

## Conclusion

Trust and genuine influence over decisions (and hence some limitation of control) are fundamental to partnership; indeed to any relationship.

Genuine maximised engagement can only be achieved with some ceding of management discretion and hence control. Only through joint problem solving and genuine consultation, which improves the quality of subsequent decisions, can we realistically engender the influence which delivers engagement, whilst at the same time accommodating management’s obligation to control the enterprise through the exercise of good quality decision-making.

Partnerships are not to be ‘taken in hand unadvisedly, lightly, or wantonly’,<sup>55</sup> but discreetly, advisedly, and – in the knowledge that management need to be prepared to concede power if they are to genuinely engage their partners.

*First published in Croner’s Developing HR Strategy, May 2006, Issue 8*

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## References

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- <sup>28</sup> Dietz, n. 1 above, at 6<sup>29</sup> *Financial Times*, 2 February 2002, p.4

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<sup>29</sup> Dietz, *ibid*, at 7

<sup>30</sup> Towards Industrial Partnership: New Ways of Working in British Companies, Involvement and Participation Association, February 1997

<sup>31</sup> *Partners for Progress: New unionism in the workplace*, TUC, 1999

<sup>32</sup> Five pre-requisites were identified by *Whitener et al*:

- behaviour consistency (reliability and hence predictability)
- behaviour integrity (telling the truth and keeping promises)
- sharing and delegation of control (shared input into decision-making)
- communication (open sharing of accurate, timely, contextualised information)
- demonstration of concern (showing sensitivity toward each party's needs and interest, and acting benevolently)

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<sup>35</sup> "and if considered on its own as the only form of partnership, has a negative impact on sales and profits" (Guest and Peccei, n. 1 above, at 232).

<sup>36</sup> Guest and Peccei, n. 1 above, at 232

<sup>37</sup> Geary, John F. and William K Roche, "Workplace partnership and the displaced activist thesis", *Industrial Relations Journal* 34(1), 2003.

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<sup>41</sup> Tailby, Stephanie, Mike Richardson, Paul Stewart, Andy Danford and Martin Upchurch; "Partnership at work and worker participation: an NHS case study", *Industrial Relations Journal* 35(5), 2004

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<sup>45</sup> *Ibid*

<sup>46</sup> Childress, John R., and Larry E. Senn, *In the Eye of The Storm*, Leadership Press, 1995; in Chapter 3 'Charting a new course: Reengineering Leadership and Culture Change', at p.50

<sup>47</sup> Dietz, n. 1 above, at 19

<sup>48</sup> Oxenbridge and Brown, n. 3 above, at 393

<sup>49</sup> *Ibid*, at 400

<sup>50</sup> Wills, Jane, "Trade unionism and partnership in practice: evidence from the Barclays-Unifi agreement", *Industrial Relations Journal* 35(4), 2004

<sup>51</sup> Oxenbridge and Brown, n. 3 above, at 396

<sup>52</sup> Dietz, n. 1 above, at 19

<sup>53</sup> 'Cracking the Performance Code – How firms succeed', The Work Foundation, 2005.

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<sup>55</sup> Book of Common Prayer

Bringing together the leaders of the partnership organisations, each with their own personalities and leadership styles, into an effective team is a real challenge and one not rigorously addressed; team facilitation is for the delivery team not the leaders! The challenge is to face up to the leadership demands of these partnerships and create a matrix environment where the leaders, managers and staff adopt new cultural values and ways of working together. Moving outside their comfort zones is hard but can be achieved.Â New Blog post: Partnership and Leadership Development â€“ Solving the Dilemma. Log in to Reply. Trackbacks. Senen Perfecto says: 19/11/2010 at 00:27. RT @RapidBI Partnership and Leadership Development â€“ Solving the Dilemma. The praxis of dilemma management. by Carol Cardno. Download this complete document (PDF 739 kB) Help with PDF files. Overview.Â A leadership dilemma can occur when there is a discrepancy between the aim of improving learning outcomes for all students and the behaviour of one or more individual staff members. Whichever way the leader acts there is likely to be an uncomfortable situation for one of the parties involved. This can create indecisiveness on the part of the leader until they act definitely to resolve the situation which will not go away unless it is dealt with thoroughly. The good news is however that we can build the capacity of school leaders to resolve difficult dilemmas successfully. 4. Self-Management: You relish the freedom to control the flow and pace of your work, right? Youâ€™re not alone. Employees crave autonomy, independence. They want to determine how they can best do their job, and be responsible for their work, from start to finish. Creating opportunities for employees to exercise some level of self-management or control over their work is another precursor of engaged employees and employers. 5. Accolades: Highly engaging organizations take every opportunity to sing the praises of a job well done. Who doesnâ€™t like the warm and fuzzy feeling that comes with recogni