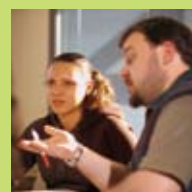


INTERNATIONAL EXPERIENCES OF PARTNERSHIP – SUMMARY REPORT

ERLING RASMUSSEN ET AL

March 2006





CONTENTS

Overview	2
Workplace change among OECD countries: Drivers and choices.....	2
Organisational change and choice.....	3
Organisational choice and employment relations models.....	3
The European model and partnership.....	4
Employer choices.....	4
National employment relations systems.....	5
Employment relations traditions.....	5
The development and impact of national-level 'social dialogue'.....	6
Workplace partnership.....	7
Why do employers opt for workplace partnership?.....	8
Why do unions seek partnership?.....	8
Workplace partnership: A long-standing or recent phenomenon?.....	9
Long-standing workplace partnerships.....	9
Recent attempts to institute workplace partnerships.....	9
Lessons for New Zealand.....	10
The country reports.....	10
Denmark – Voluntarism and Partnerships	11
Ireland – Social and Workplace Partnerships	13
Norway – Centralisation, Partnerships, and Workplace Reform	15
The United Kingdom – Employment Relations, Partnership, and Workplace Examples	17
Appendix – List of Workplace Partnership Case Studies	19
Denmark.....	19
Ireland.....	19
Norway.....	19
The United Kingdom.....	19



OVERVIEW

The objective of the report is to document international workplace partnership approaches and experience in terms of its interest and relevance to New Zealand policy and practice. While workplace partnerships have not had a major influence here, it is not a novel approach to workplace reorganisation and is arguably a mainstream practice in some European Union (EU) countries. In general, partnership approaches fit with attempts to enhance productivity and quality levels by transforming traditional production and service delivery patterns. By seeking employee involvement in the workplace, it is hoped that the elusive 'knowledge economy'¹ can be achieved. Thus, workplace partnership is about improving organisational performance through productive employment relationships.

The report illustrates the diversity of workplace partnerships by drawing on experiences from particular countries and specific workplace examples. With the current focus on partnership approaches and high performance workplaces, the question is not *whether* partnership will become a new way of organising work, but rather *what* particular forms of workplace partnership will be constructed in New Zealand workplaces. Attempts to create partnerships and more collaborative efforts are clearly a major theme in current New Zealand public policy.

There have been several public policy initiatives supportive of more collaborative relationships here, including the enhanced good faith provisions of the Employment Relations Act, employee participation provisions in health and safety legislation, and employer-union collaboration in improved productivity initiatives. However, given a tradition of adversarial industrial relations, there is some way to go before employee involvement and partnership become established parts of the New Zealand way of 'doing business'. The international experiences of partnership can provide some inspiration, ideas, and the possibilities available for New Zealand employment relations.

The research focused on four countries of relevance to New Zealand: three small open economies, Denmark, Ireland, and Norway; plus the United Kingdom (UK) with its 'third way' philosophy under Prime Minister Blair. All have had experience with employer-union partnership and together provide good illustrations of *new* and *embedded* forms of partnership given their varying traditions.

The definition of workplace partnership applied in the research is that of the Department of Labour's Partnership Resource Centre, that is "*an active relationship between unions and employers to deliver outcomes that benefit the mutual interests of both parties*".

WORKPLACE CHANGE AMONG OECD COUNTRIES: DRIVERS AND CHOICES

The current emphasis on workplace partnership originated in the fundamental economic changes that many OECD countries have faced since the early 1970s. Many experienced severe macro-economic problems which put pressure on the welfare state and were often associated with high unemployment. These problems prompted extensive re-thinking of macro-economic and political approaches and a search for new models.

¹ An economy characterised by high productivity, high skill, and high wages.

The 1980s saw a fundamental clash between two types of public policy responses: the neo-corporatist approach (such as that in Sweden, Germany and Austria) and the neo-liberalist approach (for example, the approach of the USA, the UK, and later NZ).² Recently, the success of small economies has been noted, having pursued a neo-corporatist approach to economic, social, and labour market changes (e.g. Ireland, Denmark, and Norway). This is important to note given that it is argued that a 'Europeanisation' of New Zealand economic, social, and labour market policies has taken place post-1999. This has included a focus on public-private collaboration, enhanced welfare state measures, changes to employment relations legislation, and a rise in individual employment entitlements. Such changes align New Zealand with the success of these countries where partnership arrangements are often seen as an integrated part of economic performance.

While a distinction between the two approaches may highlight some important differences, often there is a blend of approaches. The influence of neo-liberal thinking has seen a growing focus on *workplace* level arrangements (as opposed to national or industry arrangements) and has prompted 'hybrid' forms of partnership. However, it is often the role of trade unions that becomes the defining feature.

ORGANISATIONAL CHANGE AND CHOICE

The shift to a post-industrial service society and new technology has meant that traditional work organisation and organisational structures have been under siege. Competitiveness has become increasingly determined by quality, product differentiation, production time, and the capacity to react quickly to consumer need. Traditional techniques have become questioned, prompting a focus on popular management ideas about the impact of globalisation, increased flexibility, Japanese production techniques, and the knowledge economy.

Concepts such as the 'knowledge economy', the 'war for talent' and the 'brain drain' have raised the profile of HR issues and increased managerial support for communication, delegation, teamwork, and new incentive schemes. Partnership is part of the mainstream approach seeking to develop more efficient people management practices. However, two major hurdles to overcome are the normally considerable costs in 'walking the talk' in HR management and the many HR approaches that score high on union avoidance and clearly make partnership an unsuitable solution for such employers.

ORGANISATIONAL CHOICE AND EMPLOYMENT RELATIONS MODELS

While similar kinds of approaches have surfaced, the following management ideas contain contradictions:

- more flexibility is often considered necessary to improve organisational performance, but the types of flexibility and how they were implemented have been questioned

² Neo-corporatism is characterised by extensive collaboration by the State with interest groups on public policy development and implementation, and market interventions (often regulations). Neo-liberalism is characterised by an emphasis on deregulation and a flexible labour market.

- transformation of ideas and practices about high-performing work organisations has happened frequently, but often implementation and success has varied across and within countries and industries
- the focus on quality and innovation has made the workforce a vital component in productivity and competitiveness. However, cost considerations and old-fashioned management approaches have often undermined employee commitment and skill development.

Therefore, how to develop a flexible, high-performing organisation with a focus on quality and innovation, and a committed and highly skilled workforce is an open question. In the debate, three stereotypical employment relations patterns have emerged – the American, the Japanese, and the European – each influencing managerial thinking and impacting on the strategies applied.

The European model and partnership

The European model (and the focus of the report) is portrayed as having high levels of union influence, comprehensive employee rights, strong employer-employee communications, extensive employee consultation, and formalised participation structures. The influence of unions and state regulations is noticeable, as well as consensus-based productive workplace relationships and high levels of employee participation. Although adversarial employment relations has characterised employment relations in Ireland and the UK, their integration into the EU has been associated with a tentative shift towards more consensus-based workplace relations.

There is no doubt that the EU has had a major impact on the development of workplace partnership in its member countries. The attempt to create a single market for capital, goods, and labour since the 1980s has resulted in a strong focus on the social dimension. This has included increased EU-wide regulation of the labour market and direct collective bargaining between unions and employers' organisations. Member states are committed to implementing EU directives into national legislation or collective agreements. Such directives now cover a variety of issues including working time, part-time work, and temporary contracts.

In terms of partnership, several EU directives stipulate some sort of employee participation. The most important influences concern European Works Councils³, European Company Statute, information and consultation of employees, transfer of undertaking, and collective redundancies. While only recently implemented, and actual changes to workplace processes and outcomes are still unfolding, there is no doubt that they will encourage further participation and partnership in Ireland and the UK. As Danish and Norwegian employment relations have had such employee rights for some time, the EU directives have had less impact, but they now overlay traditional employee participation rights and structures.

Employer choices

As employers have become more pro-active and strategic in their employment relations choices, there is now a diverse range of employment relations patterns. Certain patterns of workplace practice can be found across national economies, but there are also considerable choices available to employers, allowing for a variety of workplace practices and 'hybrid' combinations. When looking at the dominant patterns of workplace practice, the report notes how partnership is aligned with the pattern of joint team-based workplace practices.

³ Consultative bodies for larger European companies.

There are certain (very general) hallmarks associated with partnerships. These include an employer-union collaboration of some kind, as well as:

- organisational innovations centred on employee multi-skilling
- internal/functional flexibility and teams
- internal labour market policies built upon professional careers
- employee involvement based on explicit contracts or implicit conventions
- joint decision-making.

While joint decision-making has been included by some as a crucial hallmark of partnerships, it seems that genuine joint decision-making seldom happens. The final responsibility for decision-making is normally vested in employers. This may explain why collective bargaining and workplace partnership often co-exist. By keeping a dual system, unions can protect their independence if forced to accept management decisions that are detrimental to their interests.

NATIONAL EMPLOYMENT RELATIONS SYSTEMS

Employment relations practices often have a long intricate history. Consensus-based employment relations has a long tradition in Norway and Denmark. Both are high wage/high skill economies and both represent national variants of the Continental European model. However, Denmark has belonged to the EU since 1972, whereas Norway had decided to stay outside it.

The UK has a large economy and a voluntarist, adversarial employment relations system. However, it has been influenced by EU membership, the influx of overseas companies, and the more recent move towards a 'third way'⁴ agenda under Prime Minister Blair.

Ireland has become an economic success story and provides an interesting comparison. It is a small open economy with an employment relations system based historically on an adversarial UK model. However, Ireland has been influenced by the influx of overseas companies and Continental Europe given its EU membership. Since 1987, this system has been impacted by a series of national level social partnership agreements.

EMPLOYMENT RELATIONS TRADITIONS

Denmark has a very long history of compromise and collaboration between employer organisations and unions. The 1899 General Agreement established the unions' right of employee representation and workplace influence, but it also made employer interests, including organisational performance, something for union representatives to consider. With an overall union density of around 80%, unions have been and are very strong, probably influencing employers' willingness to compromise. Employer interests are at the core of these compromises with the unions having a strong focus on general economic conditions and organisational performance. Unions and employers have been the leading actors, though legislative intervention has become more important post-1990 as EU regulations have started to influence Danish regulations.

⁴ An approach described as steering a middle course between market deregulation and socialism, and emphasising collaboration, participation, learning and social cohesion.

Ireland's employment relations system is currently seen as a mix of British, American, and Continental European traditions. The current legislative framework still follows the tradition of an adversarial system which still surfaces at workplace level. This legacy of voluntarism, whereby individual or collective actors are relatively free to work out employment issues among themselves, was attractive to American multinationals who could pursue the form of employment relations they were more used to in Ireland.

However, changes are clearly happening in Ireland with several social partnership agreements in place and a tentative increase in employer-union collaboration. Neo-corporatist incomes policies have dominated collective bargaining with trade-offs between wage increases, tax cuts, and increased social entitlements. Social partnership has strengthened trade unionism in Ireland, particularly in terms of its lead organisations. While union density is down, membership has increased to 500,000. For national level consensus-based employment relations to filter down to workplace level, recent social partnership agreements have incorporated workplace partnership. There have also been moves to enhance union recognition and collective bargaining. Despite the influence of the reluctance by American multinationals, there has been a considerable change toward a more Continental European form of employment relations over the last two decades.

In Norway, consensus-based employment relations has a long history dating back to the 1935 Basic Agreement where employers and unions agreed upon collective bargaining regulations and co-operative behaviours. The agreement is re-negotiated every four years with input from the State and leading organisations and a system has been developed with relatively close tripartite collaboration. Compared to the Danish model, this has included frequent and comprehensive state intervention in employment matters, but still employer and union organisations have considerable strength (union density is about 53%) and played a major role in public policy. National collective agreements have a major impact on employment conditions and workplace partnerships are embedded in the context created by these national agreements.

In the UK, the employment relations system is a deeply embedded adversarial system where management's right to manage is continually contested by unions to advocate employee concerns over pay and conditions. The de-industrialisation and privatisation under the Conservative Thatcher governments increased unemployment and weakened trade union power. Union power was further weakened by several rounds of legislation limiting union rights and many tripartite bodies were abolished. The election of a New Labour government in 1997 brought some change. While keeping some of the restrictive legislative approach enacted by the Conservatives, the new Government also promoted a 'third way' between the neo-liberalism of Thatcher and the social democracy of the Continental European model of tripartism and co-determination. Unions were given new recognition rights, but 'orderly industrial relations' was the watchword with union participation only sought in training initiatives and work re-organisation. Thus, the system in the UK differs considerably from the Continental European model.

THE DEVELOPMENT AND IMPACT OF NATIONAL-LEVEL 'SOCIAL DIALOGUE'

The development of national-level social dialogue has been found to be very important for workplace partnership. Social dialogue refers to all types of negotiation, consultation, or simply exchange of information between or among representatives of governments, employers, and

workers on issues of common interest relating to economic and social policy. Denmark, Ireland, and Norway are heavily engaged in social dialogue.

As consensus-based employment relations have a long tradition in Denmark, social dialogue has firm basis. Bipartite employer-union collaboration still constitutes the backbone of the Danish model, but there has been extensive tripartite collaboration in public policy since the 1930s. External balance problems have often demanded various types of incomes policies. National framework agreements have often been concluded with an eye on ability to compete internationally. These agreements and national employer-union collaboration set the boundaries for workplace negotiations and partnership. The strong link between national and workplace agreements and the managed flexibility at workplace level both facilitates and controls workplace partnership.

Social dialogue is also embedded in Norway. Norway has an exceptionally strong tripartite tradition with interest groups being immersed in public policy making and the State frequently intervening in national collective bargaining. Social dialogue has been dominated by the alliance between the leading employer and union organisations and strong social democratic governments. Workplace partnerships are embedded in the context of national agreements and with large-scale experimentation in work re-organisation, Norwegian workplace partnership is at the forefront of the debate about workplace reform.

Ireland has also engaged in social dialogue, but it is of a more recent vintage. Beginning in 1987, a tripartite social partnership agreement has facilitated consensus among government, employers, and unions about the re-direction of economic and social development. Social partnership agreements are re-negotiated every three years and now involve 19 social actors, including unions, farmers, and the social sector. While there is recurring disagreement among the actors and different philosophies and interests at play, it is noticeable that social agreements have existed for nearly 20 years and delivered substantial economic success.

Yet to take hold in the UK, the Blair governments have always had a sceptical approach to the European idea of social dialogue and the EU employment relations and employee participation regulations. There has also been considerable animosity on the employer side, and unions have been lukewarm in their support. However, the lead union organisation, the TUC, has strongly supported the idea. As national collective agreements have declined in the last 15 years, there is limited employer-union collaboration at the national level. Therefore, workplace partnership has developed without a fully supportive national context.

WORKPLACE PARTNERSHIP

The meaning of 'partnership' has been subject to debate by practitioners and academics. The UK's Trades Union Congress (TUC) has put forward the following necessary features:

- commitment to the success of the organisation
- recognition of each side's legitimate interests
- commitment to employment security
- a focus on the quality of working life
- transparency
- adding value to the organisation

The term is essentially a vague and flexible one, with practices ranging from employer-driven quality and HRM techniques to formalised employer-union arrangements, facilitating employee consultation and participation. While partnership is a generic and imprecise term, descriptors such as consensus-based employment relations, employer-union collaboration, improving organisational performance, and competitiveness have long been at the heart of Scandinavian trends.

WHY DO EMPLOYERS OPT FOR WORKPLACE PARTNERSHIP?

Recent changes in production and service delivery methods have changed the role of employees and made partnership a more plausible option for employers. New production techniques lead to teamwork and employee involvement. The automation of production processes leads to fewer employees, but they often have a wider span of control and input. This input can enhance process and product innovation, facilitating informal and formal co-operation between teams and team members. Likewise, the 'knowledge and service economy' leads to a stronger emphasis on having committed employees with self-motivation and suitable behaviours. Teams, fun, and behaviour management are more emphasised.

Still, this does not mean that employers will seek partnership arrangements. Most Anglo-American employers appear to be philosophically opposed to such arrangements given they involve adjustment of the managerial prerogative and management strategies. Generally, there are two situations where employers seek partnerships: first, in an acute crisis forcing a re-thinking of traditional approaches; second, where the strength of union influence means that bypassing them will be inefficient and a block for positive employer-employee relationships. There are major benefits for employers when partnerships are functioning well at workplace level as illustrated by the economic performance of Denmark, Ireland, and Norway.

WHY DO UNIONS SEEK PARTNERSHIP?

There are two explanations. First, union weakness or strength means that either there is "nowhere else to go", or where the union is so strong in the workplace that it is difficult for employers to bypass the unions. There are also positive union influences where union support of workplace change can facilitate more effective and low-risk organisational adjustments.

The second explanation is associated with the long-running collaboration between Scandinavian employers and unions. This collaboration, along with legislative underpinnings, has developed over time and has developed a collaborative mindset among employers and unions. Unions have fewer barriers to overcome, but they also have to be more protective of employer interests.

It is important to acknowledge that there are often valid reasons why employers and unions are reluctant to participate in partnerships. Unions are often concerned that they will be embroiled in managerial decision-making and taking joint responsibility for decisions which can be detrimental to their interests over time. Middle management is often opposed because it tends to undermine or bypass their organisational position. This explains why employers have frequently preferred a tentative, slow developing form of partnership, given the philosophical barriers to overcome, major organisational interests at stake and outcomes are long-term and uncertain. Partnership demands continuous compromise and reconfirmation and it can be associated with constrained strategic choices especially in crises. Even the embedded Scandinavian partnerships are sometimes faced with difficult choices.

WORKPLACE PARTNERSHIP: A LONG-STANDING OR RECENT PHENOMENON?

The contrasts between the Denmark and Norway case studies and the Ireland and UK case studies highlight the differences between the 'old hands' and the 'newcomers' of workplace partnership.

Long-standing workplace partnerships

There are three key interesting features of Danish and Norwegian workplace partnerships. First, there is a positive context and strong national support. Framework agreements prescribe that each side has to be supportive of the other side's interests. There is also limited conflict between collective bargaining and employee participation.

Second, the long-standing nature of workplace partnerships has made them more robust as they have become the normal way to do business. This is supported by strong employer and union organisations which can effectively resource and police the arrangements; it is also partly supported by formalised arrangements through either national agreements or legislation. Overall, this has influenced management and union thinking.

Third, the dynamic, multi-faceted approach to workplace partnership appears to be associated with several types of participation structures available and with continuous experiments with collaboration and participation. It is notable how strong networks of firms, research institutes, and government resources exist in Norway and how these are crucial in the continuous attempts to enhance the coverage and depth of workplace partnerships.

Recent attempts to institute workplace partnerships

Both Ireland and the UK have to overcome their adversarial employment relations traditions. So far, it appears Ireland has been more successful with national support through social partnership agreements and support from national employer organisations and unions. Government and key organisations have begun providing resources to gain broader social acceptance at the workplace level, through for example, the National Centre for Partnership and Performance and Educational Training Services. Third parties have also been helpful in facilitating the development of workplace partnership in the UK.

Crisis has probably given the Irish government, employers, and unions some urgency to overcome their differences. Workplace partnership is also often initiated because of organisational performance problems. In both Ireland and the UK, very few formalised agreements or well-defined partnership structures were found. Overall support for partnership is rather shallow. In several case studies, considerable resource was put into engaging the 'hearts and minds' of managers and employees. Despite these efforts, most partnerships appear fragile. The report notes that in the absence of formalised agreements and partnership structures, there is a lot hanging on positive employer and union attitudes.

Overall, Ireland provides an interesting and promising hybrid case, transitioning from an adversarial to a consensus-based employment relations system, but it is too early to make predictions about future progress. There is less ground for optimism in the UK where social dialogue has been limited, there are few workplace partnerships, and enthusiasm by union leaders seems to be waning.

LESSONS FOR NEW ZEALAND

When the concept of partnership has arisen here in the past, there has been insufficient broad social support for workplace partnership. The support among the key actors and the social base for workplace partnership has been, and probably continues to be, either absent or extremely shallow. It is necessary to develop a wider understanding and support for partnership for it to flourish. This is one of many lessons from the research, the others are summarised below:

- Partnership is a notion which fits with mainstream employment relations and its growing emphasis on teams, productive employment relationships, employer-employee communication, employee consultation, and involvement.
- Partnership fits less well with an emphasis on managerial prerogative and short-term focus on shareholder value.
- A positive context and supporting mechanisms are important to foster and embed workplace partnerships.
- It is important to resource partnerships and allow for continuous experimentation with workplace partnership practices.
- Unions need to have a certain strength in terms of presence and resources to participate fully in partnership.
- Partnerships take time to develop and even more time to become embedded.
- It is advantageous to have several participation channels allowing for specialisation and avoiding overloading one channel/mechanism with too many objectives or tasks.
- Workplace partnership is difficult to develop and sustain in overseas owned organisations.
- In the development phase of partnership, it is often beneficial to involve third parties.
- Partnership cannot encapsulate the fluctuations of market conditions, but it can allow for more informed choices at the workplace.
- Sustainable, embedded partnership is normally associated with some form of formalised and/or legislative workplace structures.
- Long-term employer-union collaboration and positive employer perceptions of partnership appear to be a possible viable substitution (a 'functional equivalent') for legislative workplace participation structures.

Finally, the UK report raises a few warnings. It is clearly difficult to promote and sustain partnerships if there is an unsupportive political context, employers and unions are taciturn in their support, there is little legislative support, there is no national level social partnership or collective framework, and there is limited workplace level support.

THE COUNTRY REPORTS

These lessons are illustrated by the comprehensive reports on each of the four countries studied. A brief summary and highlights of each follows⁵.

⁵ For detail on the points made in the summary, please refer to the full report.



DENMARK – VOLUNTARISM AND PARTNERSHIPS

There are many good reasons why the Danish model should be of interest to New Zealanders. The successful Danish economy is also an aspiring knowledge economy where free tertiary education goes hand-in-hand with advances in bio-technology, pharmaceuticals and software development. Both countries have a small population, an industry structure influenced by a tradition of agriculture and small organisations, a well-developed welfare system, an extensive public sector, and the strong role of the State in employment relations. The Danish model is clearly different though with the stability and high level of collective bargaining and unions.

Partnerships are the core of employment relations in Denmark. The 1899 General Agreement set the tone for employer-union collaboration, requiring significant willingness to compromise and trying to protect both employer prerogative and union/employee interests.

Since then, the employer-union collaboration has formed the nucleus of employment relations and driven the development of institutional and public policy changes. There is now a comprehensive array of framework agreements, collective agreements, and employment legislation. Besides the EU legislation, the various forms of employment legislation have been prompted by initiatives of employer organisations and unions (the social partners) or in consultation with them.

Essentially voluntaristic, the Danish system is complemented by legislative interventions, though, often pragmatism determines whether a regulation will be a matter of legislation or a collective agreement. Any changes to legislation are almost always negotiated with and heavily influenced by the main employer and union organisations.

An important feature is the continuation of high union density (currently around 80%). Danish unions have relied on three levers: involvement in training and education, membership services, and involvement in the unemployment insurance system. Partnership is the dominant form of union-employer collaboration and there is limited interest from many managers in a totally different approach. Employee involvement has become part and parcel of employment relations in many organisations because everyday service delivery and production often rely on tight staffing of highly paid employees.

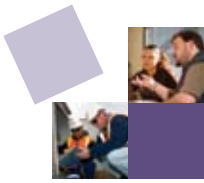
Underpinned by the General Agreement and legislation, workplace representatives are able to represent the interests of employees and participate in management decisions through four different channels:

- shop steward meetings and negotiations with management
- co-operation committees
- safety groups and health and safety committees
- representation on company boards

Survey evidence indicates that Danish employers seem to have a positive attitude to union activity. It is important for employers' acceptance of both national and workplace collective bargaining that unions have proved over the years that they support and respect company interests. As employer-union collaboration goes beyond core bargaining matters, there are many issues where unions can be helpful or supportive of employer interests (e.g. training and development). It is also in the interests of mainstream employers that sub-standard employment conditions are policed effectively by unions. The fact is in any case that most managers have little choice but to

collaborate with shop stewards and other employee representatives – this has just become an accepted part of management practice and often promoted as ‘best practice’.

There are threats and shortcomings to the Danish model, however. Only 60% of the private sector is covered by collective agreements, leaving employees on individual agreements in a vulnerable position and making it vulnerable to non-organised employers and employees undercutting the collectively agreed conditions. The high-wage, high-skill approach also demands a continuous focus on upskilling. The Danish model, however, is getting tested by the expansion of the EU regulations which are below the minimum norms of the Danish labour market. The influx of cheap labour from Eastern Europe and the growing impact of foreign multinationals bring new pressures to the workplace.



IRELAND – SOCIAL AND WORKPLACE PARTNERSHIPS

Ireland has moved from being a below-par economic performer, to one recording strong economic growth, strong employment growth, and an expansion of 'high-tech' jobs. Like New Zealand, Ireland was facing a severe economic crisis in the early 1980s and a radical political shift occurred facilitating a programme of extensive economic and social reforms. In contrast though, national accords and social partnership arrangements have featured prominently in Ireland's success story. A neo-corporatist context has been set with the political support of the major social partnerships. The Irish economy has also become globalised and integrated into the EU. An environment has also been created where experiments with new approaches to work organisation and workplace partnerships have been encouraged.

Irish employment relations has a history of voluntarism and adversarial employer-union relationships based on the British tradition. Within this tradition, the clash between managerial prerogative and union influence on workplace arrangements has left limited space for co-operative workplace relationships. Even though it remains essentially voluntarist, there is evidence that workplace partnership is widening as a form of workplace regulation in Ireland. The National Centre for Partnership and Performance has over 50 case studies of different partnership arrangements from a wide range of sectors. The motivations seem to be developed out of a provisional willingness to develop a shared understanding by employers, unions, and employees. Sometimes this is prompted by organisational performance problems or market failures, or it can just be a way of responding to the continuous challenges of increased international competition and uncertainty.

The lack of long-term experience with workplace partnership makes these partnerships rather fragile and experimental. While the evidence seems more supportive of a general trend towards more collaborative workplace relationships, there is little agreement on the scope and depth of these relationships. There is clearly some way to proceed before workplace partnerships become part of a mainstream approach. The broad picture is one of an iterative, piece-meal tendency towards workplace partnership, but there are also examples of reversals or break-downs in partnerships. There appears to be no 'ideal type' but a wide range of partnership types with varying degrees of formality and they appear to be more focused on the operational rather than the strategic level.

Since the 1980s there have been several rounds of national social partnership agreements, changing the roles and interactions of the State, employer organisations and unions and shaping the broad regulatory environment for employment relations. The environment is becoming more Europeanised with an increasing neo-corporatist approach to employment relations. There is also a strong Irish innovation in the process and outcomes of social partnership which provides a unique context for employment relationships and workplace partnership.

In the mid 1980s, Ireland was in deep crisis prompting a new strategy from 1987 onwards. The strategy was facilitated within the tripartite National Economic and Social Council, an advisory body in which employers, unions, farmers and senior civil servants analyse policy issues and seek to develop a consensus strategy. The NESCC Strategy for Development was the basis on which the Government and the social partners negotiated the first social partnership agreement, the Programme for National Recovery in 1986. Since then five further agreements have been negotiated, each with a three-year period. There are now 19 social partners represented in the NESCC.

The social partnership approach has been widely acknowledged as the driving force behind Ireland's economic recovery. However, the direct causality between the partnership approach and this success is less clear. While overseas direct investment (including American high technology firms) was clearly influential, it is unclear whether overseas companies are still playing a similar role in Ireland's recent growth spurt.

Each social partnership has been based on centralised pay bargaining. The deliberations of the NESC and the negotiations of national social partnership agreements shift away from adversarialism towards common, agreed solutions and involve broader collective interests. This creates a framework agreement, stipulating boundaries for employers and employees in their sectoral or workplace negotiations.

While social partnership places constraints on workplace bargaining, it is important to note that many union and employer interests have already been met as part of the outcomes associated with the social partnership agreements – minimum increases to basic pay rates and the distribution of economic growth have already been agreed at the national level. The agreements have also resulted in considerable increases in social welfare measures and these can be seen as trade-offs for pay rises. Employers have also benefited – from moderate wage rises in a tight labour market, several rounds of tax cuts, substantial investment in infrastructure and a stable, political, economic, and employment relations environment. Arguably, the biggest beneficiaries of the Irish success have been employers, particularly multinationals.

The case study evidence indicates workplace partnerships are characterised by their diversity in terms of processes and outcomes, and the elements involved in the partnerships. It is significant that there is no legislative underpinning of workplace partnership, and there are seldom formal employer-union agreements to stipulate the principles and structures for the development of partnership processes. This may explain why there is often a tentative approach. There appears to be a provisional acceptance to 'wait and see', and if new workplace arrangements do not work out, it is relatively easy to return to traditional forms of employment relations. The building of trust as illustrated in the case studies is slow and fragile. A common feature in the case studies was a long process of initial engagement, facilitated by a third party, during which parties learned and developed skills to engage in 'social dialogue', and out of which develops a 'shared understanding' underpinning high-trust strategies. High-trust relations are then reflected in changes in workplace practices (e.g. autonomous teams).

There is ongoing debate about the level and extent of firm workplace partnerships in Ireland. Whether interpreted optimistically or pessimistically, the available case study evidence is supportive of a gliding, tentative shift from a voluntarist form of collective bargaining to new hybrid forms of workplace partnership. It is possible that out of the iterative, experimental search for new models of production, an Irish form of partnership may evolve out of the traditional structures of collective bargaining. This 'hybrid' form of partnership would sit between the high performance work organisations (without the union influence) found in North America and the more comprehensive, legislative based union-management co-operation that can be found in Continental Europe.



NORWAY – CENTRALISATION, PARTNERSHIPS, AND WORKPLACE REFORM

There are many well-established partnerships in Norway, both at industry and workplace level. This tradition goes back to the 1935 Basic Agreement where employers and unions agreed on collective bargaining regulations and collaborative behaviours. It has been renegotiated regularly and legislation has enshrined bipartite agreed arrangements and instituted employee participation structures.

Norway has charted its own path, declining to join the EU, and engaging in extensive private-public partnerships when commentators have advocated less state or local government intervention. Workplace reform has been pursued across most sectors, and when it comes to research on different forms of work organisation, Norway is arguably the leading example among the OECD countries.

The Basic Agreement is a key influence on collective bargaining and workplace employee participation, and the State's influence through conciliation, arbitration, and direct intervention, is considerable. Public sector employment is also extensive. The central actors are the State, local government, and major employer and union bodies – each play a strong directive and controlling part; workplace partnerships cannot be understood without taking into account this 'context'.

State intervention in employment matters has a long history in Norway. As well as State intervention in collective bargaining, there have been numerous examples of tripartite initiatives and agreements, and there is a comprehensive legislative framework for dispute resolution, worker/employment protection and the work environment.

A particular public policy issue is the question of EU membership which has been on and off the political agenda for nearly 30 years. As Norwegian employment standards are very high and employee participation rights are comprehensive, it has been debated whether EU membership could contribute much to improving employment standards or participation rights. However, it has influenced key areas of workplace arrangements, such as employee consultation on collective redundancies and information and consultation in transnational companies.

However, Norway is a member of the European Free Trade Agreement. This means Norway is aligned with the EU's attempts to create a single European market, and must follow through with the EU regulations on the free movement of goods, services, labour, and capital. Norway has this interesting alignment with the EU and a peculiar in-between position.

Norway has a high level of union density (currently around 53%). Union influence is higher as union negotiations set the employment norm for many employees. Unions have considerable resources at their disposal.

It is interesting how Norwegian employers have also supported this approach. This is probably less of an expression of support for unionism than it is an expression of how employers envisage how collaboration with unions could lead to a high skills, high wage, and knowledge economy.

As in Denmark, employee representatives can represent their interests and participate in management decisions through four channels: shop stewards and negotiations with management, co-operation committees, safety groups and health and safety committees, and company board representation.

Apart from these four channels of participation, it is important to note the support for partnership through other channels. In particular, the building of research capabilities and continuous experimentation with partnership initiatives has given the Norwegian approach to partnership a special flavour. The building of research capabilities has been underway for a long time in Norway. Union and employer organisations employ many researchers across a range of public policy fields and they are involved in various partnership projects – as support or involved in documenting and dispersing outcomes. The Work Research Institute, for example, is just one part of a wide network of research institutes and initiatives. The unions also established a major research institute, FAFO, to undertake commissioned research. Over the years, FAFO has undertaken a considerable amount of commissioned research for employers as well as unions. These kinds of research capabilities allow unions, often in collaboration with employer organisations, to participate in most of the major public policy debates in Norway. There are also academic researchers, consultants, and public sector employees involved in these networks.

There is little doubt that employee participation and partnerships are well-established in Norway. A comprehensive survey cited in 2001 confirms this impression: across the major partnership channels, it points to the high levels of participation as well as a significant union influence. While it is considered a trendsetter in the area, there is still considerable room for improvement. This is why development and research projects are still undertaken. The case studies also show that partnerships are distributed unevenly across the economy – in particular, the emphasis has been mainly on medium and larger sized organisations and on particular sectors. The growing employment in the service sector raises a question. The case study described in the hotel and restaurant sector indicates that employers are reluctant to engage in partnership arrangements. Formal partnership structures driven by national collective agreements and legislation will have very limited meaning if there is no active participation from unions and employees.

Thus, employer-union conflicts, employer reluctance, or employee disinterest to engage in partnership processes are still barriers for expanding partnerships further in Norway and why there are constant attempts to experiment with workplace change and participation. The long-standing Joint Collaboration Programme of the major employer and union organisations has provided considerable resources, as well as given the workplace interventions philosophical, political, and practical clout. This has meant that collective bargaining has co-existed with formal and informal employee participation at workplace level, and employer-union collaboration has also been an important influence on the research community and the attempts to improve knowledge networks and dissemination.



THE UNITED KINGDOM – EMPLOYMENT RELATIONS, PARTNERSHIP, AND WORKPLACE EXAMPLES

The UK has the oldest trade union movement in the world. These unions remain characterised by their ‘bottom-up’ nature and reflect an extremely varied set of workplace, local, and sectoral realities. Their recognition by employers and the State has been characterised by pragmatic responses resulting in not so much a system, but a complex set of de facto and ad hoc arrangements. While trade unions have certain immunities from prosecution, until recently their main functions and roles were bypassed by legislative initiatives and the UK’s TUC has had few opportunities for tripartite discussion with the State and employers’ organisations.

As a consequence, ‘partnership’ has been patchy in its coverage and ad hoc in its implementation. It has been supported, but not been strongly driven, by the central union co-ordinating body, the Trades Union Congress (TUC). The TUC has little influence on individual unions in comparison with, for example, its Irish equivalent. Representatives’ attitudes on the effectiveness of partnership differ.

The UK is a member of the European Union (EU), although it has had a somewhat ambivalent relationship to EU collaboration, particularly in the area of welfare and employment regulation. Following changes to EU decision-making procedures, the UK has been slowly dragged into ‘European’ employment relations as regulations on employment minima and European Works Councils have started to influence British approaches to employment regulation. This has been further facilitated by the shift to the ‘third way’ public policy under Prime Minister Tony Blair and the economy’s integration to the Single European Market. EU membership has provided an important basis for expanding the market for British services and products. However, it is debatable how much direct impetus the ‘third way’ approach of the Blair governments has given to collective bargaining and workplace partnership approaches.

The last couple of decades have seen volatile growth patterns in the economy and geographical dislocation of employment. A deep economic downturn at the beginning of the 1980s accelerated a long decline in traditional extractive and manufacturing industry, including coal mining, steel, and shipbuilding. At the same time, there has been an expansion of services, notably financial services, IT services and education, but this process has not aligned geographically with the decline of the older industries.

Despite an unprecedented period of economic growth⁶, whether Britain can be viewed as something of a sustainable economic ‘success story’ or whether there are temporary influences at play (e.g. North Sea oil and gas) is still in question. In any case, it is noticeable how little collective bargaining and partnerships feature in public policy discussions and evaluations. While the long period of economic growth has kept demand for labour relatively high and even created labour shortages, it has seldom been associated with collective bargaining changes or workplace partnerships.

The election of a Labour Government in 1997, brought some change but within certain well-defined limits. It retained the restrictive legislative approach enacted by the Conservative governments and it announced that it would not go back to the ‘bad old ways’ of the 1960s and 1970s, whereby trade unions exercised what came to be seen as undue influence on government. Tripartism was not to be embraced. Rather, it would follow a ‘third way’ between an untrammelled US-model and a ‘European’

⁶ December 2004 brought an unprecedented 50th successive quarter of economic expansion.

continental model of tripartism and workplace co-determination. Importantly, no special status was accorded to trade unions in terms of employment relationships. Unions were given new, carefully circumscribed recognition rights. Notably it allowed the election of Union Learning Representatives.

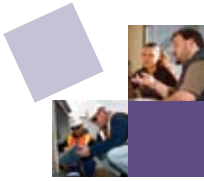
Training and development initiatives have been strongly encouraged by the Blair governments. Union Learning Funds have been established to support educational projects and ULRs can facilitate educational opportunities for workers. There are currently 10,000 ULRs and by 2010 there will be an estimated 22,000. In short, the Government has taken the opportunity to bend unions' educational traditions to their purpose of attacking two significant historic problems: British employers' reluctance to train their employees and a history of under-qualified workers. The ULR initiative has not been enthusiastically supported by employers, but it has been by the TUC.

The broad British employment relations context is much less supportive of partnership than the co-ordinated market economies of most other West European countries. The broader industrial social and political links characteristic of 'co-ordinated market economies' are lacking, and there are no strong traditions of employer-employer or employer-union co-ordination; nor are there embedded social networks supporting the broad idea of 'social partnership' both within and beyond the workplace. Further, a reliance on external labour markets ('hire and fire') to regulate employment relationships is unsupportive of co-operative management-union-employee relations.

Unions have tried to overcome this situation largely by emphasising the EU social participation agenda, by stressing the importance of EU regulations, such as the Directive on Information and Consultation, and by trying to make these work at industry and workplace level. They have made little effort to resurrect sectoral bargaining where it no longer exists – sectoral bargaining is seen as a lost cause. However, the unions have defended national collective bargaining arrangements where they still exist (as in the education sector). The difficulty is national collective agreements are becoming rare and without national agreements, there is often insufficient support for workplace partnership.

Third parties have flourished in the partnership area, and they themselves constitute a driver of partnerships: successful partnerships are often built with the help of third parties. A significant player in terms of advocacy of the partnership idea and a major facilitator of partnerships is the Industrial Participation Association (IPA). Another player in the same market include the TUC's Partnership Institute. However, managers often view the TUC Partnership Institute with suspicion, despite its attempts to play a more independent role.

In summary, over one hundred partnerships, formal and informal, exist across the UK. These vary greatly between workplaces. Despite the Blair governments' ambivalent attitude to union power and workplace partnership, partnerships have been supported by significant state initiatives since the late 1990s, including the legislation on Union Learning Representatives. The 2005 legislation on information and consultation (to be fully implemented in 2008) may create more possibilities for unions, but the legislation is relatively weak, and many commentators are pessimistic because of management's negative attitudes. Management commitment to partnership has usually been reluctant, and often because they saw no alternative to accepting some form of engagement with unions. Management often sought to reshape trade unionism in a less conflictual sense and to channel it in acceptable directions. Unions have also been tentative about partnership; while some have regarded it as a necessary tactic to ensure institutional survival in a hostile climate, most have more recently become increasingly sceptical.



APPENDIX – LIST OF WORKPLACE PARTNERSHIP CASE STUDIES

Denmark

- Pressalit: a plastic product company
- ‘Company X’: an unidentified tool producing company
- Danish Crown: bacon factories

Ireland

- Wyeth Nutritionals: pharmaceuticals, and consumer and animal healthcare products
- Aughinish Alumina Ltd: aluminium oxide plant and part of a Swiss-based natural resources company
- Tesco Ireland: part of a UK-based global retail company
- Aer Rianta: airport authority, formally state-owned

Norway

- Partnership in the hotel and restaurant industry: the ‘New Possibilities’ project, a partnership project between employers and unions in the hotel and restaurant industry
- Partnership in the public transport industry: workplace changes at a bus company fully owned by AS Oslo Sporveier (owned by the Oslo Municipality)

The United Kingdom

- Tesco: Britain’s leading retailer
- Britannia Building Society: one of Britain’s largest building societies
- Legal & General: a major British insurance and finance company

Material in this publication is subject to copyright unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status must be acknowledged.

The permission to reproduce Crown copyright material does not extend to any material in this publication that is identified as being the copyright of a third party. Authorisation to reproduce such material must be obtained from the copyright holders concerned.

This is a summary of a report commissioned by the Partnership Resource Centre and produced by Erling Rasmussen, Paul O'Neil and Paul Chalmers, in association with Richard Croucher, Dave Feickert, Jens Lind, Bjørne Grimsrud and Sol Skinnarland.

The Partnership Resource Centre would like to acknowledge the contribution of Professor Roy Green, Dean of the Macquarie Graduate School of Management, and Maree Adler, an Associate of the Centre, who provided comment on early drafts of this publication.

The views expressed in this occasional paper do not necessarily represent the views of the Department of Labour.

ISBN xxxxxx

© 2006 Partnership Resource Centre, Department of Labour, PO Box 3703, Wellington, New Zealand

Ph 64-4-931-6066

Email partnershipresourcecentre@dol.govt.nz

Web www.dol.govt.nz

