



**Problems with Partnership at Work:  
Lessons from an Irish Case-Study**

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## **Introduction**

Industrial relations in Ireland have been governed by a system of social partnership for the past twenty years (Roche 2007a). At the centre of this system are national social agreements that aim to control pay increases and launch social and economic initiatives. In the mid-nineties, there was concern that the social partnership regime was too centralised, by-passing relations between employees and management inside organisations. In an effort to address this concern, a big push was made to establish enterprise partnerships in organisations (Teague and Donaghey 2004). A flurry of activity occurred on the matter, creating the promise of the highly successful shared understanding between unions and employers at the national level being replicated inside organisations (Teague 2005). Ten years later this activity has slowed down if not petered out altogether: none of the parties, particularly the trade unions, appear to be working actively on the topic. Numerous enterprise partnerships were established in the late nineties, but in the past few years virtually no new ones have been created and some of the more celebrated examples have folded. Thus, the promise of a wide network of enterprise partnerships building strong micro-foundations to the national system of social partnership appears not to have been realised.

This paper seeks to give some insight into why enterprise partnerships never really fully took off by examining the fate of one enterprise partnership. It is organised as follows. The first section sets the scene by outlining the manner in which enterprise partnerships emerged as an important policy objective for the national social partnership system. The following section assesses the institutional character of most enterprise partnerships set up in Ireland. In particular, the analysis seeks to determine the extent to which the Irish model of enterprise partnership is distinctive and the

extent to which it conforms to the international literature on how these arrangements should be constituted and what they should do. After this assessment, the evolution of an enterprise partnership at Bausch and Lomb is examined to get insight into the difficulties of establishing and sustaining such relationships. The conclusions bring together the arguments of the paper.

### **The Launch of Enterprise Partnership in Ireland**

Since 1987 Irish industrial relations have been governed by a social partnership regime (Roche 2007b). When first established, the national system of social partnership was mainly concerned with creating a coalition between employers, trade unions and government to moderate wage increases. Controlling pay was seen as a crucial part of a wider macro-economic stabilisation programme to address the dire economic situation prevailing at the time in the country. Thus, like many 'traditional' corporatist deals of the past the emphasis was on organising the collective bargaining system at the centre to police the behaviour of employers and unions (Teague and Donaghey 2004). But in the mid-nineties, concern emerged, particularly amongst trade unions, that the social partnership framework was too 'macro' in orientation, causing employer-trade union relationships inside organisations to remain untouched by the process (Gunnigle 1998). As a result, the idea of bringing social partnership to the workplace in the form of setting up enterprise partnerships gained currency. Both employers and trade unions actually supported this move, but for different reasons. On the one hand, employers viewed enterprise partnerships as a mechanism to improve competitiveness and performance inside organisations. On the other hand, trade unions saw the creation of such arrangements as an opportunity to strengthen employee voice at the workplace (O'Donnell and Teague 2000).

In government circles, the potential benefits of establishing enterprise partnerships were given a sophisticated spin. Employing the principles of deliberative democracy, which emphasises the merits of making decisions through reasoned, fact-based arguments, it was suggested that enterprise partnerships held out the promise of the 'shared understandings' that had been forged between employers and trade unions at the national level being replicated inside organisations (NESF 1997). By building consensus oriented employment relations at the organisation level, enterprise partnership was regarded as an innovation that would pave the way for the greater diffusion of new high performance work practices (Government of Ireland 1996 and 2000).

The first move towards promoting social partnership at enterprise level was made in the 1996 national social agreement, Partnership 2000. Enterprise partnership was defined as

*“An active relationship based on recognition of a common interest to secure the competitiveness, viability and prosperity of the enterprise. It involves a continuing commitment by employees to improvements in quality and efficiency; and the acceptance by employers of employees as stake holders with rights and interests to be considered in the context of major decisions affecting their employment.”*

*“Partnership involves common ownership of the resolution of challenges involving the direct participation of employees/representatives and an investment in their training, development and working environment” (1996, p.62, 2000, p.14).*

This definition was built upon by the following national social agreement, The Programme for Prosperity, which ran from 2000-2002. Nine areas were identified as being “particularly relevant” to the development of enterprise partnerships. These areas were: competitiveness, adaptability, flexibility and innovation in the enterprise;

better systems of work organisation; training and development which is linked to lifelong learning; measures to promote equality of opportunity and family friendly working arrangements; problem solving and conflict avoidance; health and safety issues; information and consultation; time off, facilities and training for staff representatives; and financial participation. Two core principles were seen as underpinning the developments of enterprise partnerships. One was that enterprise partnerships could not be imposed on organisations, but rather needed to be ‘owned’ by the various constituencies inside the enterprise. The other was that enterprise partnerships would have different starting points and advance at different speeds: no prescriptive checklist was established to determine whether or not a particular initiative on workplace collaboration actually constituted an enterprise partnership (Teague 2005).

### **The institutional character of private sector enterprise partnerships**

To ensure that the commitments made in the national social agreements did not remain paper tigers, a big push was made to diffuse enterprise partnerships in the country in the late nineties and the early part of the new century. Government set up a new agency dedicated to providing technical advice and support for the creation of enterprise partnerships. A number of publicly-sponsored projects were established which involved creating networks of firms that had agreed to create partnerships at the workplace (Teague and O’Donnell 2000). The idea was that establishing networks of new enterprise partnerships would allow the involved firms to learn from each other and to receive dedicated training and support. Other organisations outside these publicly funded projects also created enterprise partnerships.

Many of these private sector enterprise partnership initiatives were set up in a similar

way and developed common characteristics. Normally, enterprise partnerships were set up by an agreement between management and (usually) trade union representatives. This agreement was usually only signed after management and unions had carried out an extensive diagnostic review. A diagnostic review is a set of procedures used by management and unions to assess the most appropriate form of enterprise partnership for the organisation – how it should be constituted, the type of issues that it needed to address, and what needed to be done to make the arrangement meaningful and sustainable. Thus, the partnership agreement was less an elaborated model of how the organisation should be and more the institutional expression of the consensus reached by management and employees during the diagnostic review. At the same time, the usual practice was for a partnership agreement to establish a company-wide partnership forum or committee. Invariably, the partnership forum was charged with initiating, co-ordinating and reviewing partnership activity inside the organisation.

### **Box 1: The Diffusion ‘Rules’ for Enterprise Partnerships**

[1] **transparency:** the objectives and boundaries to the partnership arrangements should be openly and clearly defined.

[2] **scope and depth:** the partnership arrangement should cover both strategic and operational matters so that employees enjoy greater empowerment at their place of work and have a voice in corporate decision-making.

[3] **credibility:** if the partnership arrangement is to secure the trust of employees then it should be complemented by a range of supporting employment policies.

[4] **organisational commitment:** a partnership arrangement is more likely to be sustainable if : (a) senior management demonstrates a clear commitment to the initiative (b) the human resource management function has important status inside the organisation; (c) trade unions, if they are present, are not adversarial in their approach to employment relations.

[5] **the incorporation of ‘outside’ stakeholders:** where people outside an organisation are directly and immediately affected by proposed operational changes, the partnership system should seek to reconcile the often competing claims of ‘internal’ and ‘external’ stakeholders.

[6] **internal evaluation:** the partnership scheme should be regularly evaluated to ensure that the managerial and workforce commitment to mutual interdependence is not faltering and to assess its relationship to overall corporate performance .

frequently establish sub-groups or projects. Case-study evidence suggests that well functioning sub-groups are the engine room of a successful enterprise partnership (Todderdill 2002 and NCPP 2007). Project groups usually work on a range of company related matters such as reforming the company pension scheme, devising a new financial participation arrangement, and establishing the ground rules for the introduction of new employment practices such as team-working. By working on specific tasks, or attempting to invent solutions to agreed problems, these bodies were seen as the vehicle that could drive purposeful joint action between management and employers (O'Donnell and Teague 2000).

In broad terms, the institutional design of the 'Irish model' of enterprise partnerships was in line with the wider literature on the topic. Kochan (1999), for example, suggests that six guidelines, set out in Box 1, should influence the diffusion of new forms of work organisation such as enterprise partnerships. He also argues enterprise partnerships that approximate to these six guidelines are more likely to be sustainable and generate mutual gains for employers and employees at the workplace. Thinking among management and trade unions in Ireland about how enterprise partnerships should develop and function closely paralleled these guidelines. Thus, there was wide agreement that enterprise partnerships should function in a transparent and open way so that all managers and employees would buy into the enterprise. Similarly, there was consensus that partnerships at the workplace should cover both operational and strategic matters.

## Box 2: The Constitutive Elements of Enterprise Partnerships

- **Commitment to business success** involves employees identifying with the business goals to the extent that they get actively involved in the search for improvements to work organisations and routines.
- **Employment security** involves employers making a commitment to avoid redundancies wherever possible and to develop attractive career plans for employees.
- **Employee voice** involves all levels and dimensions to information and consultation – from direct operational matters at the person’s work station to more strategic concerns that are normally considered the sole preserve of the Board or senior management.
- **Sharing the success of the organisation with all employees** normally involves some form of financial participation scheme such as profit sharing as well as progressive human resource practices aimed at promoting fair and equitable treatment of all employees
- **Training and development** covers matters relating to deepening the human capital of the organisation by enhancing the skills and competencies of the workforce.
- **Flexible job design and direct participation** relates to measures aimed at improving job rotation by ending employment demarcation. It also involves making workers multi-skilled so that they can positively contribute to a team or group working environment.

In terms of what enterprise partnerships should be doing, thinking in Ireland was also in line with the literature from other countries on how these bodies should function. In a careful piece of research, Guest and Peccei (1998 and 2001) set out what might be termed the constitutive elements most likely to be found in a ‘mature’ enterprise partnership. These six elements are set out in Box 2. The way Irish employers and trade unions envisaged enterprise partnerships operating closely resembled Guest and Peccei’s thinking. Thus, for example, both unions and employers were committed to using partnership activity to increase employee empathy with the business mission of the organisation. In addition, many enterprise partnerships established in Ireland developed employment policies and practices on such matters as information and consultation, financial participation and training and development, identified by the authors as core aspects of enterprise partnerships.

## **Partnership, HRM and Collective Bargaining**

The systems of employee involvement established under enterprise partnership can be best described as standing somewhere between the 'works council' and 'HRM' approaches to the matter. These two established approaches use distinctive and contrasting practices and procedures to organise the employment relationship. First, work councils are representative and indirect forms of worker participation, and thus epitomise collective employment relations (Streeck 1998). In contrast, the HRM approach emphasises decentralised forms of participation that place greater stress on direct forms of employee involvement (Schuler and Jackson 1999).

Second, whereas work councils cover strategic matters as well as operational and implementation matters, HRM tends only to concentrate on the last two matters. Third, an important function of work councils, at the least in the German model, is to oversee the implementation of substantive and procedural rights proscribed in German labour law whereas the HRM model is about solving problems that arise in the day-to-day running of the business or productive system. Fourth, work councils are mandatory institutions in the sense that managers are obliged by law to follow a proscribed list of rules and procedures when consulting with employees. HRM, on the other hand, is an instrument which leaves the depth and scope of any employee involvement scheme more or less in the hands of the managerial team. Fifth, the 'value system' underpinning works councils is integrative bargaining whereas HRM is heavily orientated towards 'empowerment' and performance (see Muller-Jentsch 1995 and Kochan and Osterman 1994).

The 'Irish' version of enterprise partnership may be seen as containing elements of

each approach, without being a full-blown version of either. On the one hand, enterprise partnership was seen as giving rise to new employment practices such as direct participation or team-working, total quality management and job rotation. At the same time, it was also recognised that there would be a collective and strategic dimension to these arrangements. Project groups of an enterprise partnership, for instance, was envisaged dealing with matters once removed from the immediate operation of the business and in a manner that would have far-reaching implications for the organisation as a whole – the creation of a new pension scheme or a new system of profit-sharing for example. This activity was seen as having big implications for the behaviour of managers: for example to create a new profit-sharing scheme would require managers to share information of a strategic kind with employees (Easton et al 2000).

Thus, enterprise partnership was seen as giving rise to deeper and richer forms of employee involvement than espoused by the HRM models. On the surface, the Irish model of enterprise partnership appeared nearer to the HRM model when the matter of mandatory rules is considered. But this is less the case now with the recent adoption of the new EU Directive on information and consultation rights of employees. Although this law falls short of the German co-determination legislation, it nevertheless establishes a broad legal framework for employee involvement (Geary and Roche). All in all, the value system of the Irish version of enterprise partnerships is a hybrid of the work councils and HRM approaches as it seeks improved organisational performance and competitiveness through procedures and relationships closely associated with integrated bargaining (Walton et al 1994). Again, these features of ‘Irish’ enterprise partnership approximate to partnership arrangements

established in other countries (Marks et al 1998 and Kochan and Rubinstein 2000). But of course, like other countries, there has been considerable variation in the extent to which these design features have found their way into the actual practice at the workplace (Roche 2007b).

The general view amongst trade unions and employers was that these arrangements should be kept separate from collective bargaining procedures. Both parties were insistent that no attempt be made to use enterprise partnership to substitute, supplant or wither away established systems of collective bargaining. Supporters of enterprise partnership worried that if the process got too close to collective bargaining then the consensus orientated behaviour required from both parties to make it a success would not emerge inside organisations. Supporters of collective bargaining, on the other hand, were of the view that the scope of collective bargaining would be reduced if partnership-type activity got too close. Thus, the common view was that partnership activity and collective bargaining ought to constitute two separate channels of engagement between management and unions inside organisations. Moreover, it was generally considered to be desirable that the two channels would be ring-fenced, with few spillovers from one to the other.

Thus, the expectation was that unions and employers would act in a distinctive manner in an enterprise partnership. The politics literature on deliberative democracy probably provides the best framework to explain the kind of union-management behaviour it was hoped would emerge in enterprise partnerships, at least by their advocates (O'Donnell and Teague 2000). This literature stresses the importance of actors behaving in a 'collaborative' and 'reasonable' manner when interacting with

each other to forge common positions even though they may have competing interests (Elster 1998). The emphasis is very much on solving organisational problems through informed debate and preference-changing dialogue. The collection and interpretation of evidence to monitor and evaluate the effectiveness of policy choices play an important role in this approach. On this view, enterprise partnership is about promoting collaborative action inside organisations to mobilise effort and knowledge to advance widely shared objectives (Sabel 1994).

Four benefits may arise if management and trade unions were to interact with one another within a deliberative democracy framework. First, more information would be revealed about the strengths and weaknesses of existing methods of doing things. Second, the legitimacy of corporate strategies would improve amongst all organisational constituencies. Third, the traditional boundaries between management and workers would weaken and permit them to develop new collaborative relationships. Fourth, employees should experience improvements in working conditions as the organisation seeks to advance by combining competitiveness and fairness. Thus, the deliberative approach to enterprise partnerships emphasised management and employees engaging in reasoned and evidence-based dialogue: the expectation was that they would be less accepting of the adversarialism normally found in collective bargaining.

But those charged with promoting enterprise partnerships recognised that discussions of a deliberative kind would only emerge inside enterprise partnerships if management and employees adopted their behaviour and outlook. On the one hand, management would have to accept that ensuring good standards of employment and

decent treatment of employees were integral to high organisational performance (see Aoki 1994 and Charny 1999). Without these attributes employees would be less likely to share information and knowledge about the practical aspects of business operations or participate in purposeful problem-solving (Walton, Cutcher-Gershenfeld and McKersie 2000). On the other hand, employees and their representatives would need to engage fully with the business problems of the enterprise and to accept new collaborative ways of working with managers. Enterprise partnerships which possessed these qualities were seen as being more meaningful and sustainable. On this view, enterprise partnership promised not only to be a new departure in Irish industrial relations, but also an innovative organisational pathway to business success. The next section sets out the extent to which this promise was realised by charting the evolution of such an arrangement inside one company, Bausch and Lomb.

### **Bausch & Lomb**

Bausch & Lomb is an American multinational company with its headquarters in Rochester, New York State. It operates world-wide in the optics business, making contact lenses and complementary surgical and pharmaceuticals products. The company first opened a plant in Waterford in 1981 and currently employs about 1250 people at the site. Between 1981-95, the company enjoyed the reputation of being one of the best local employers: working conditions were good and pay and benefits generous. As a result, industrial relations were stable, if not exactly harmonious: management and unions really had no reason to confront one another. On the surface, all the indications were of a highly successful and prosperous business from which employees benefited.

But behind these outward signs, important changes were occurring to the global optics

business. First, in the early 1980s Bausch & Lomb had virtually no serious competitive rivals. However, by the end of the eighties, several new companies had entered the market, each pursuing aggressive business strategies focused on winning market share from Bausch & Lomb. These strategies weakened the company's dominant position: in 1985 the company enjoyed 52 per cent of the world market, but by 1995 this figure had been reduced to 15 per cent. While the overall size of the market had increased, within a decade the market context for the business had been transformed. Instead of operating in a low volume/high margin market, the company now faced a high volume/low margin competitive situation.

In this new competitive environment, the company sought productivity improvements from the workforce. One consultancy report from a group of industrial engineers estimated that parts of the plant were operating at a 60-70 per cent efficiency level. The 'deep-pockets' culture had to give way to a 'belt-tightening' mentality, as how one manager put it. Management introduced a variety of initiatives, from the simple to the far-reaching, to realise efficiency. For the first time, the cafeteria was locked between official breaks and on the shop floor managers became stricter about people leaving their workstations. An attempt was made to introduce team working but this proved unsuccessful.

Seeking changes to work practices brought management and unions into collision. The number of disputes increased and on occasions involved the Labour Relations Commission, the public employment dispute resolution agency. By the end of 1996, relationships between management and workers were frosty. Around this time, management put the idea of setting up a partnership arrangement to the major union at

the plant, SIPTU. A newly appointed regional official, alongside in-house union representatives, responded positively to the idea. As a result, a joint management/union committee was established to progress the matter. This committee evolved into a Steering Group, involving management, SIPTU and TEEU (a predominantly craft union), to oversee the establishment of a partnership arrangement. Relatively quickly, the Steering Group concluded a partnership agreement. This agreement was put to the workforce, which voted 3-1 in its favour. As a result, an enterprise partnership was created in the company.

The partnership agreement, known inside the company as the blue book, stipulated that the partnership and collective bargaining structure should remain separate channels. It also confirmed management's right to manage. An overarching partnership committee, known as the Partnership Forum, was set up and it was stipulated that it was to meet once a month. A Partnership Secretariat was established, consisting of one person working three days a week and a part-time secretary. The person appointed to the Secretariat position was selected because of his background in community development work. The interview panel, drawn from both management and unions, was of the view that the partnership process would be better served by somebody without a background in mainstream employment relations. Skills associated with co-ordinating and mobilising community groups were considered more appropriate to the way partnership was seen developing in the organisation.

Although explicitly excluded from the partnership agenda, the initial forum meetings resembled collective bargaining sessions. People talked at each other in a fairly

adversarial manner. But, over time, this situation seemed to change and 'quality discussion' started to emerge. This step-change in behaviour was put down to two factors. One was the extensive training given to Forum representatives in technical matters, such as financial planning, and in 'soft skills', such as being more assertive and persuasive when communicating with others. The second was the facilitation support given to the Forum, encouraging them to adopt a more problem solving approach to discussions

By the end of the nineties, the Forum had established five sub-groups working in the areas of pensions, finance, communications, suggestion schemes and training. Pensions were seen as the most advanced sub-group, described by one Forum member as a 'bull terrier committee'. As a result of this group's activities, 'real quality' information emerged about the operation of the company's pension scheme. Asking the right questions and improving the flow and quality of information in the organisation were widely seen as the two main benefits from the partnership forum. Although intangible, these two benefits were seen as bringing about some positive and meaningful change. In particular, they were seen as improving management style. Because managers expected to be asked searching questions at the Forum, they prepared better and presented higher quality information. This, in turn, obliged them to give fuller explanations for choosing one managerial path over another. It is probably true to say that these changes occurred mostly at senior management level. An additional benefit of the partnership process, particularly the activities of the sub-groups, was that it allowed untapped expertise and knowledge in the workforce to come to the fore. As a result, the working lives of certain employees have been enhanced and the management of change has improved.

Thus, the Forum brought benefits, but it did so to a select group of workers and managers, which was identified as a weakness of the partnership process. Several Forum members described the group as an 'upstairs committee', reflecting the concern that many middle managers, shop stewards and the general workforce were not properly connected with the partnership initiative. There was a consensus among Forum members that a new internal communications system was required to correct this shortcoming. A major effort was made to publicise more the workings of the partnership arrangement inside the organisation. A view held by some management and union representatives, was that the workforce would not properly connect with the partnership process unless it introduced direct changes to work organisation. As a result, a renewed effort was made to implement team working within the organisation, part of which was to create 'on line' opportunities for the dissemination of decisions made by the higher-level Partnership Forum. In other words, the design of the team working system would lead to the activities of the company-wide partnership arrangement being disseminated more systematically to middle managers and employees on the shopfloor.

Although some progress was made on the re-scheduling of work tasks and the implementation of continuous improvement initiatives in various parts of the plant, the team-working plan ran into difficulties. In particular, there was a fair amount of suspicion among middle managers and shop stewards about these the plan. Middle managers were concerned that teamwork would simultaneously change their work roles and diminish their authority. Employees were worried that teamwork was simply a route to get them to work harder and take on more responsibilities. Attempts were made to address these fears by some sub groups of the Partnership Forum developing

training and communication programmes: the Partnership Forum was trying to act in a problem-solving manner to advance a joint management/trade union initiative. But a schism had opened up between employees and management who were being asked to accept teamwork and trade union and management members of the Partnership Forum. Efforts to win over management and employees to the team working plan were only partially successful. The initial plan had to be substantially scaled back and team working was only diffused into particular parts of the organisation. Plans to use team working to embed partnership inside the organisation had to be abandoned.

When establishing the enterprise partnership, both parties were insistent that its activities should remain completely separate from collective bargaining procedures. But, in practice, it has proving difficult to keep these two channels apart. For example, at the end of the nineties, management reached an agreement with the main union, SIPTU, on a gain-sharing arrangement whereby employees would receive 23 per cent of any efficiency improvements realised under the agreement. This agreement was reached through the collective bargaining channel, but it had an impact on partnership proceedings. On the one hand, it led to the smaller craft union, who opposed the gain sharing agreement, to pull out of the Partnership Forum. On the other hand, the partnership process was given the role of governing the gain sharing scheme, which of course meant that an agreement made in one channel was influencing the activities of the other channel: management and unions were quickly learning that the boundaries between partnership and collective bargaining would at times become blurred.

Partnership and collective bargaining overlapping with each other in a complementary manner is likely to benefit management and unions in one way or another and thus cannot be viewed as a big problem. But if the overlap creates tensions between the

two channels then the consequences are likely to be negative. This is what Bausch and Lomb found to its costs. In 2001, SIPTU and management increasingly disagreed about what matters should be discussed in the Partnership Forum and what matters should be dealt with through collective bargaining. Thus, for example, management sought union agreement for a new internal conflict resolution procedure with the unions in the Partnership Forum, but the unions objected to this move on the basis that the topic was a collective bargaining matter. Increasingly, SIPTU was of the view that management were not operating in an open and honest matter in the Partnership Forum and manipulating proceedings to push through initiatives. In addition, the union felt that engaging in partnership tied their hands in the collective bargaining.

Feeling unable to represent their members effectively led the unions to view participation within the Partnership Forum with suspicion. This resulted in the early progress made by the Partnership Forum coming to a halt: projects and other sub-groups of the Partnership Forum started to meet infrequently and were not developing any purposeful initiatives. An increase in the number of industrial relations disputes that could not be resolved internally was an indication that relations between management and unions were not going smoothly. Various public employment dispute resolution agencies, including the Rights Commissioners and the Labour Relations Commission, had to intervene to settle disputes in no less than 12 cases within a two year period. Union disaffection with the partnership process came to a head in September 2004 when SIPTU members voted to withdraw from the partnership process. After the vote the regional secretary of the union said 'where workers industrial relations concerns are not given due weight, disenchantment begins to creep in. It does illustrate that real partnership has to be a partnership of equals.'

Plainly, the union had become disillusioned with the arrangement. This withdrawal did not lead to the collapse of the Partnership Forum, but its membership consisted solely of management and white collar workers employed by the company, which effectively turned it into a talking shop.

Management were concerned that SIPTU's withdrawal from the partnership process would lead to a deterioration in industrial relations within the company. To prevent this from happening an agreement was reached with the union to bring in the Advisory Service of the LRC to assess the strengths and weaknesses of management-union relations in the organisation and to make suggestions how these could be improved. The LRC carried out a detailed audit of the views of management and unions inside the organisation. This survey revealed that the majority of employees were happy with their pay and conditions and accepted that the organisation needed to make continuous changes to work practices to remain competitive. But the survey also found that management and unions were critical of each other. Union representatives complained that management handled the change management process poorly and did not give enough attention to rewarding improvements made by employees. For its part, management was critical of the unions for not fully embracing the change agenda. Clearly, the partnership experiment had not fostered any meaningful new shared understandings between management and unions.

The main recommendation of the LRC was that management and unions needed to negotiate a new procedure to solve problems more effectively. After protracted negotiations in 2006 the parties reached a new agreement on the management of change and a new dispute resolution procedure. The management of change process

set out a methodology for change and a new formula for rewarding employees who engaged in the change management programme. An extensive range of communication procedures were established through which management had to engage with unions on restructuring plans and proposals. The new dispute resolution procedure covered two matters. One was an industrial peace clause, which involved an agreement not to strike for the life time of the agreement in return for management not taking any action to lock out employees. The other was the creation of an alternative dispute resolution (ADR) mechanism, in the form of a binding arbitration procedure to deal with most in-house industrial relations issues. This new mechanism requires the parties to go through a number of internal steps in order to resolve disputes. If an agreement cannot be reached at any of these stages, a newly created internal Appeals Body, comprising of a jointly appointed Chair and SIPTU and company representatives, would be set up to arbitrate unresolved disputes. If necessary, the Appeals Body would issue binding decisions. The intention is to ensure that whenever possible conflict is dealt with in-house.

In some quarters, this agreement was presented as a new partnership deal between the company's management and SIPTU. But within the company every effort was made not to present the agreement in such terms. Both unions and management were of the view that the term partnership had become so sullied that it would be counterproductive to use it. Considerable effort has been made to implement the agreement properly. Middle managers and supervisors have been given training in conflict management techniques so that they act as the first tier in the new dispute resolution procedure. A greater amount of consultation than ever before is occurring between union and management. An incentive scheme has been introduced to reward

employees that produce efficiencies. Management and SPITU are making a big effort to ensure that the agreement stabilises industrial relations within the plant.

It cannot be said this endeavour has been fully successful as there was a high profile employment dispute between the company and the craft union, TEEU, which threatened to destabilise relations inside the company. But the most striking aspect of the period after the breakdown of enterprise partnership was how management and SIPTU have been eager to create a framework to bring predictability and stability to management and union interactions. Partnership may have failed, but management are still very much eager to develop consensus-based relations with the unions. For example, in the near future management are hoping to use the recently introduced legislation on workplace information and consultation to establish a new formalised arrangement for dialogue with the main union SIPTU. For sure this arrangement will not have the term partnership in its title, but it will seek to build cooperation between management and trade unions.

Thus, management and unions are still eager to build cooperative relations. But the manner in which they are trying to do so differs between the partnership and post partnership period. The partnership experiment focused mainly on building a procedural consensus between management and unions about the way to progress workplace change in the organisation. A procedural consensus is about using an institutional procedure – the partnership forum – to reconcile the interest of management and unions on particular matters: the emphasis is on getting the imprimatur of both unions and management for change management initiatives. Workplace innovation is seen as occurring through partnership. In the post partnership

process a different approach has been adopted. More emphasis has been placed on obtaining cooperation with trade unions on organisational change through established collective bargaining processes and establishing a new dispute resolution process to handle collective disputes that may arise from this process. In other words, less effort is being made to transcend established collective bargaining procedures and more on strengthening these so that they can deliver both organisational modernisation and stability.

### **Lessons from the Partnership Experiment**

Enterprise partnership is widely seen as a process that continually challenges management and employees to modify their behaviour in a manner that benefits both parties. Some have even suggested that as a result of enterprise partnership mutuality would become the organising principle of trade union-management relations (Coupar and Stevens 1998). Mutuality promotes a sense of cooperation and interdependence between actors whose interests are not the same. This case-study suggests that this vision may be over optimistic. Enterprise partnership at Bausch and Lomb was not successful and certainly did not lead to the revamping of organisational employment relations. A range of factors caused the partnership not to reach maximum potential, but perhaps the central factor was that neither management and trade union were willing to discard established roles and adopt behaviour conducive to partnership activity.

A number of years back, Freeman and Lazear (1995) wrote a perceptive article suggesting why enterprise partnership type-arrangements set up on a voluntary basis may not be sustainable. They suggest that employees and management may not

engage in mutually advantageous co-operative interactions even if it is in their self-interest to do so. On the one hand, management will tend to invest institutionalised employment involvement arrangements such as enterprise partnerships with too little power as they seek to protect their right to manage. On the other hand, workers will demand more power than is considered optimal by managers because they want to advance employee influence over organisational decision-making. It is extremely difficult to create an equilibrium between these two positions that leads to managers believing that they still have the right to manage and employees believing that they have a meaningful voice inside the organisation. Without this equilibrium point being established the danger is that sooner or later either managers or trade unions will become disgruntled about the enterprise partnership arrangement.

This is what happened at Bausch and Lomb. After a very positive beginning, trade unions lost faith in the partnership arrangement as they considered it to be a management dominated process. The failure of enterprise partnership at the company was largely due to the organisation trying to develop three dimensions to its internal industrial relations systems that are very difficult to reconcile. Management wanted simultaneously to create a meaningful partnership process, retain its right to manage and continue with a robust collective bargaining system. The lesson from the enterprise partnership at Bausch and Lomb is that these three dimensions are very difficult to organise in a mutually supporting manner. In the absence of what Cutcher-Gerschenfeld and Verma (1994) would call 'vertical alignment', the relationships between the three dimensions are more likely to cause tensions. Another factor for the decline of partnership in the company was the collision between the partnership and the collective bargaining processes after a relatively short period of time: the trade

unions regarded participation in the partnership process as undermining their collective bargaining activities. The lesson from the case study is that not only is it immensely difficult to ring fence collective bargaining and partnership processes from each other, but it is also difficult to create a positive interaction between the two. This view echoes a lot of studies about the difficulty of connecting collective bargaining with either enterprise partnerships or other union-management collaborative arrangements. (see Eaton, Rubenstein, and McKersie 2000 and 2003 and Roche and Geary 2006 chapter 10).

The partnership process inside Bausch and Lomb lasted just over four years in the company, which is a relatively short period. This suggests that neither unions nor management developed a real appetite for the process. At the start, to obtain buy-in into the partnership process, both management and unions were given extensive training that emphasised the need for both parties to develop a new mode of behaviour to make the experiment a success. But the relatively short period of the experiment suggests that neither side fully internalised a new behavioural code and instead remained committed to their established views on employment relations: unions wanted partnership to lead to a decisive increase in employee influence inside the company while managers wanted partnership to deliver employee support for their plans for the organisation. These two mindsets never really changed which explains why when the enterprise partnership ran into difficulties there was no sustained effort to rescue the process. Thus, enterprise partnership failed at the company because the necessary outlook and behaviour to make the arrangement work did not develop sufficiently among management and trade unions.

Another important lesson from the case study is that the effective breakdown in the partnership experiment did not cause employment relations in the organisation to deteriorate. Instead, management remained committed to developing another route to building up employee awareness and support for the company's organisational change plans. This suggests that management will experiment with different routes to gain employee cooperation provided that it does not compromise their right to manage (Edwards et al 2006). The new strategy that is currently being pursued which seeks to obtain organisational change through the collective bargaining process is in many ways more traditional than the partnership experiment. Management and unions at the company seem more comfortable with this approach. Management's right to manage was unambiguous in the agreement that was reached with the unions in 2006 and unions' right to use the collective bargaining process to advance the interests of their members was equally clearly recognised. The new dispute resolution procedure produced by the agreement was predicated on these two assumptions. This suggests that creating partnership structures may be too ambitious for some companies and that a better strategy is to reform established employment relations from within so that management can modernise organisations in a manner that has the support of employees.

The findings of this case-study closely parallel those of Roche and Geary (2006) in their exhaustive and meticulous study of the rise and fall of enterprise partnership at Aer Rianta. They identify a range of factors for the breakdown of partnership inside the organisation. One was that the partnership process got disconnected from the collective bargaining and the HRM systems inside the company, which resulted in it being sustained by a select group of employees and management with little support

base in the organisation. They also suggest that partnership and collective bargaining processes got entangled with each other to the point that it created confusion and uncertainty amongst unions and management about which issue ‘belonged’ to which process. They also point to the lack of ‘vertical alignment’ between the HRM function, collective bargaining and partnership, which led to inaction on the one hand and mistrust on the other. All these factors, or at least variants of them, played a part in the demise of partnership at Bausch and Lomb. The evidence is mounting that is proving difficult to sustain partnership at work in Ireland.

### **Conclusions**

Ambitious claims are sometime made in the literature about the transformative potential of enterprise partnerships (Kochan and Rubenstein 2000). On this view, enterprise partnerships can transform management/employee relations: mutuality and reciprocity are more evident than adversarialism and problem-solving rather than confrontation is the dominant mode of behaviour. This is an attractive model as it envisions a workplace where policies and practices are designed to advance the interests of both management and employees at the same time. Unfortunately, the evidence from this case-study suggests that there is a gap between the theory and practice of enterprise partnership. In practice, it is difficult to establish arrangements that successfully amalgamate the interests of employers and employees. Perhaps the main reason is that neither management nor employees, at least their representatives, seem prepared to leave behind established approaches to employment relations inside the organisation. This attachment to inherited ways of doing things thwarts the transformative potential of enterprise partnerships.

Thus, a more sober view of the potential of enterprise partnerships may be appropriate. The dominant view of the employment relationship in the industrial relations literature is one in which management and employees at times cooperate and at other times confront one another: the employment relationship embodies both cooperation and confrontation (Edwards 1990). On this view, it is very difficult to get a stable, sustainable institutional form of cooperation between management and trade unions (Hammer and Stern 1986). Thus, enterprise partnerships might be best seen as one institutional procedure among many to arrange the employment relationship in a manner that seeks to maximise cooperation between management and unions and minimise confrontation between the two. If an enterprise partnership succeeds in doing this within an organisation even for a limited period of time, it can be seen as successful. For a variety of reasons, an enterprise partnership may collapse or die away within an organisation, but this does not necessarily mean that management/employee relations will become confrontational as other institutional procedures may be invented to obtain cooperation. Thus, on this view enterprise partnership should be seen as one amongst a variety of institutional procedures to strengthen the cooperative dimension of the employment relationship.

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