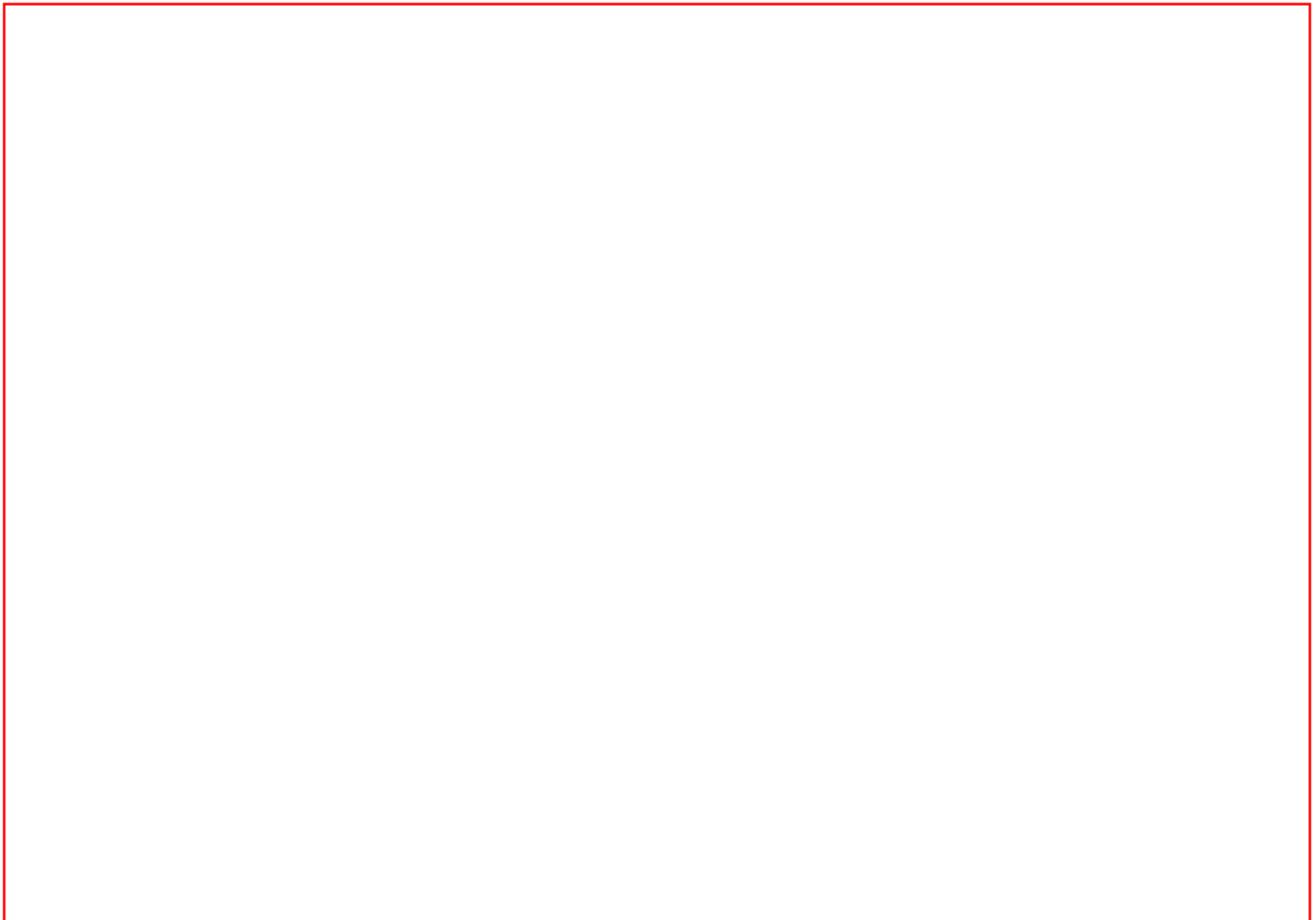


Partnership to Prosperity in the Workplaces of Wales



A presentation to the National
Assembly for Wales
Economic Development

Committee

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Partnership to Prosperity in the Workplaces of Wales

The Wales TUC warmly welcomes the establishment of the National Economic Development Strategy by the National Assembly for Wales. We believe that this strategy will go a long way towards bringing the new prosperity to Wales that we all aspire to. The strategy is however deficient in that it fails to properly recognise partnership in delivering success for both business, enterprise and the economy more generally. Encouraging and establishing a partnership approach in the workplace is an essential catalyst to developing a high skilled and high value-adding workforce since it is through the partnership approach that the skills of the workforce can be fully realised and committed.

The National Assembly for Wales must therefore take the lead in promoting workplace partnership as a major contributor to economic success and can make an important start in this regard by promoting partnership in the National Economic Development Strategy.

Businesses that work in partnership with trade unions are likely to be more productive, more profitable and more innovative than companies that have poor or non-existent relationships with unions. As Europe, and more and more companies closer to home show, partnership really is the pathway to prosperity in the workplace.

Partnership is not a soft option, for either employer or union. It cannot save a fading business or one whose trading base is fatally flawed. However, the engagement of the workforce can and does make more business sense than the command and control approach to management, which is so often the alternative.

Why encourage partnership?

The recently published TUC report "Winning at Work" shows that working in partnership not only makes sound business sense for firms, but also leads to greater job satisfaction and better working conditions for employees. The report reveals that partnership organisations are 34% more likely to enjoy a financial performance that is a lot better than average, and 24% more likely to experience higher labour productivity growth than non-partnership organisations.

The productivity leaders of the industrialised world are partnership economies, where social partners at both workplace and national level have been seriously addressing the productivity and competitive

agenda. It is the economies like the Netherlands, Belgium, France and Germany, that have developed rights to information and consultation, that also top the international productivity league.

Index US=100	Workplace productivity
Belgium	112
Italy	103
Netherlands	101
France	101
West Germany	100
US	100
UK	84

A high level task group appointed by the European Commission on the economic and social implications of industrial change, chaired by former Volvo chairman Pehr Gyllenhammar, says "top performing enterprises have a good social dialogue with their employees because motivated people are the vital components for commercial success. Regular, transparent, comprehensive dialogue creates trust". Put simply, partnership is no burden on business but the secret to success.

Demonstrating partnership works

Over the past three years, the TUC has analysed successful partnership arrangements. We have looked at partnership agreements with Tesco (which now employs more trade union members than any other private sector employer), at National Power, at 3M and Legal and General to name just a few. We have identified 6 keys principles.

The first is a shared commitment to the success of the enterprise. This might seem obvious, but it cannot be taken for granted. Do firms explain in clear and simple terms just what their work or business is about? Are they confident that their employees could articulate, let alone identify with those goals? Unless business can create that basic shared understanding, there is every chance that relationships will slip backwards.

Second, there has to be recognition of legitimate interests. Just because there is more that unites employers and employees than divides them, it does not mean their interests are synonymous. But so long as they recognise each other's interests and seek to reconcile them with our own, there is a foundation on which to build. For instance, we know that both wages and profits cannot be maximised,

but employers and employees can each acknowledge the need for a fair balance between the two. Within this environment, a compromise is reachable that all can accept as fair.

Thirdly, to create a real spirit of partnership - we found it essential to have a commitment to employment security. We all know and accept that employment levels in any enterprise can fall as well as rise. But we cannot expect people to commit themselves wholeheartedly to an organisation without any reciprocal commitment. Genuine partnership requires a trade off between employee flexibility and security of employment. No employer could ever realistically guarantee that there would never be compulsory redundancies, but they can and should make it clear that this would be the last resort, and not the first response to a crisis.

Our fourth principle puts the focus on the quality of working life. People do need to feel that they have a higher quality of working life, not least through the provision of training opportunities to raise their own skills and thus of course the talent pool available to the enterprise.

The fifth principle is transparency. If partnership is to be meaningful it must be based on a real sharing of hard information when plans are at the "glint in the eye" stage. For employers, this means being prepared to consider a variety of options. For a union, it means a commitment to preserve commercial confidentiality alongside a process of openness with their own members.

Finally - in any partnership each partner must be seen to add value. The process must free up latent talents in the workforce. It must enhance skills. And it must help solve the problems that inevitably arise in an innovative organisation.

Walking the pathway

During the 1980's, the then Welsh Office differentiated Wales from other parts of the UK by emphasising the role of trade unions in securing good industrial relations and thus delivering a stable base on which profitable enterprises could flourish.

With partnership being **the** key to the success of our major competitors, there is a need for the National Assembly for Wales to reaffirm and major on the fact that partnership in the workplace is **the** key to success that must be at the heart of economic development in Wales. This would be especially so when dealing with both new inward and indigenous investors.

To reap the full advantages of the partnership approach, to innovate and not die, to engage the workforce more fully, we need to raise our sights. The National Assembly for Wales can give primary focus and the encouragement required to put Wales alongside our European competitors.

There is some confusion however as to how minded the National Assembly for Wales is towards

industrial policy. Whilst the UK Government has recognised the value of industrial partnership by establishing the £4 million DTI's Partnership at Work Fund, the National Assembly can give a greater, proactive focus, enabling partnership to be implemented by more than a minority of workplaces in Wales.

The Wales TUC is committed to playing its part in the future prosperity of Wales. Our competitors across the industrialised world have embraced that shared commitment to success, across the workplace, through true partnership. We believe that those same principles can be transplanted to engineer a successful, competitive business sector in Wales. The evidence abounding from such partnership economies indicates that: productivity increases, a learning culture is unleashed, innovation improves and financial and quality performances increase. This can be a hallmark of the Wales we want to see, but it is also within our grasp.