

FISHER & PAYKEL WITH THE EPMU

A CASE STUDY IN MANAGEMENT/ UNION PARTNERSHIP

A Case Study Commissioned by the Partnership Resource Centre

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The purpose of this occasional paper series is to provide case studies and other publications to promote best practice and share experience in partnership approaches.

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1. Introduction and Purpose

This case study has been commissioned by the Partnership Resource Centre (PRC) which is part of the Department of Labour. The PRC has been established by the Government to help employers and unions build constructive workplace partnerships. Workplace partnership is about an active relationship between employers and unions that can help organisations respond to change, build capability, and improve performance, worker contribution and the quality of the workplace for employees.

The underlying idea of a partnership is that there is something in it for all parties if each is genuinely committed to the success of the other. This doesn't rule out conflict, but the idea is that the parties work together on a broader range of workplace issues (than just wages and conditions) and work through disagreement in a way that will preserve and build an ongoing relationship.

Purpose

Fisher & Paykel Appliances Limited (F&PA) and the Engineering, Printing and Manufacturing Union (EPMU) have forged a special relationship over many years. This case study sets out to provide some insight into that relationship. It is not intended to be a template for how to implement partnership or to be a comprehensive account of the full history of the relationship; rather it:

- provides some context which illustrates how the partnership has evolved over time
- describes the nature of the relationship and some of the structures and processes that underpin it
- provides some examples of partnership in action and the tangible benefits achieved
- describes some of the challenges and issues currently confronting the partners.

As with most matters to do with human interaction and behaviour in complex organisations, it is very difficult to attribute events and outcomes to any particular cause. In the case of F&PA, a combination of values, philosophy, work organisation, leadership ability and business realities and at times sheer luck and propitious circumstances, have come together over many years to create a unique and special company. In the words of Mike Sweeney from the EPMU:

“If you want to know how capital and labour can work, how profound it can be, Fisher & Paykel’s the best example I know. And around the world too. I go to other places and workers are that bloody cynical but never at F&PA. It has got something that I was pleased to be part of, still am. It works well and is worth preserving. It’s a kiwi thing. It’s unique.”¹

1 “Defying Gravity – The Fisher & Paykel Story,” Keith Davis, David Ling Publishing, Auckland 2004.

It is hoped that the shared experiences of the two partners described in the case study may be valuable in informing other workplace partnership initiatives, as well as providing

some useful raw material to the two parties at F&PA, as they evaluate and regenerate their partnership to meet emerging challenges.

2. Background to the Development of Partnership at Fisher & Paykel Appliances

Thumbnail sketch of F&PA and EPMU

As noted in the official company history, *Defying Gravity – The Fisher & Paykel Story*, F&PA is a New Zealand icon with a unique and fascinating industrial relations history. While it is beyond the scope of this case study to fully trace this history in all its complexity and richness, it is important in gaining an understanding of partnership at F&PA to connect some key phases in the company's development with the evolution of the industrial relationship.

Originally founded in 1934 by Woolf Fisher and Maurice Paykel, F&PA has evolved into a world beating New Zealand brand synonymous with technological innovation and successful international marketing of whiteware products. It has developed a sophisticated and balanced capability across the value creation process: from accessing market intelligence from its customers, through leading design and engineering, to manufacturing, marketing, distribution, and service.

The focus of this case study is on its Auckland based manufacturing operations which are currently part of Fisher & Paykel Appliances Holdings Limited (listed in 2001 after separating from Fisher & Paykel Healthcare Corporation Limited). The F&PA Group earned revenue exceeding \$1 billion for the first time in the 2004/05 financial year. F&PA also has manufacturing operations in Australia and the US. Overseas sales account for over 75% of the company's revenue making F&PA a truly international company. F&PA is at the crossroads

in terms of how much manufacturing ends up being undertaken off-shore. Its recent decision to build a new plant in Ohio in the US points to what could happen over time, as the company becomes more global.

The EPMU is the union representing staff at F&PA. It has over 1400 members and 29 delegates out of a total workforce of 2400 across the Auckland and Dunedin sites. Each site has a nearly full-time Convenor of Delegates and a number of area delegates. There is also a full-time Chair of Convenors, elected by union members and paid for by the company.

What is F&PA about?

Under John Bongard's leadership in the late 1990s, F&PA generated four words that translate into what the company sees as its DNA: Style; Integrity; Care; Innovation. These words are used throughout the business as checklists against which different activities are tested to see whether they fit or not. If not, it is usually time for a reality check. Many larger organisations adopt a set of values that are supposed to reflect their particular character (or at least what they aspire to become), fewer actually live them. To a large extent, this case study is an examination of the ways in which F&PA reflects its values through its relationships with its staff and the EPMU.

For the purposes of this study with its focus on workplace and industrial relationships, the organisational culture of F&PA is of critical importance. Right from the beginning, the two

founders brought with them an enlightened paternalism which was expressed by such sentiments as “a full tummy is a happy tummy” and the belief that no one should go home with less than forty hours’ pay if they are genuinely sick. Concern for the welfare of employees at work and at home also extended to creating a pleasant environment in which to work. This legacy has been passed down to subsequent generations of leaders (including family members) who have, over 70 years, evolved a sophisticated approach to staff and other relationships that is based on concern for the welfare of staff and both encouraging and recognising their active contribution to the business.

This approach is also expressed in the participative forms of work organisation adopted by the company. As one senior manager put it:

“If we want to create an environment where people can flourish we need to develop the leadership model that supports it.”

Of course the company’s values have also been influenced to a degree by its interactions over many years with unions (amongst other external influences).

It is of interest to this case study to explore the history of what came first: that is, have the company’s values formed independently of the partnership and therefore have been a decisive contributing driver to its formation, or does the complex interplay between company values and union influence together create the partnership?

In other words, how replicable is this model? Does it depend on the disposition of the owners and managers, or can it be created in a variety of other circumstances?

Key moments in recent history

Prior to the mid 1980s, F&PA was caught up in the industrial relations climate of the day characterised by the national awards system overseen by a very active, and in some cases, militant union movement. However, the benevolent practices of the company’s owners and leading managers have always been in evidence. This extended to their approach to unions with the company endeavouring to maintain constructive relations with 13 separate unions in a volatile industrial environment. Even then, something of the company’s current approach to industrial relations was evident in the philosophy of Managing Director, Don Rowlands:

“If you have a union problem there is something wrong with your management.”²

The establishment of a company-wide bonus scheme (redefined in 1978) demonstrated the company’s approach to its people. Delegates and union officials could see that if the company was successful then workers could share in some of that success. It also demonstrated that the company was keen to forge a unique relationship with its staff that wasn’t overly influenced by the wider IR climate. Even at this stage, F&PA was expressing a desire for tri-lateral relationships

2 *“Defying Gravity – The Fisher & Paykel Story,”* Keith Davis, David Ling Publishing, Auckland 2004.

in the workplace, where it could maintain a separate relationship with both its own workforce and their representatives in the form of unions, without one undermining the other.

Emergence of 'modern' partnership

More recent history at F&PA, starting in the mid-1980s and still under the leadership of Rowlands, has shaped the current form of union/management relations in the company. To the concern for the welfare of the workforce by the founders was added the philosophy and tools of the quality movement with their emphasis on continuous improvement and teamwork. These 'management technologies' were embraced wholeheartedly at a time, when:

- there were significant quality issues in the refrigeration plant and in the production of Gentle Annie washing machines
- the company was overcoming the effects of the collapse of major shareholder, Equiticorp
- the Labour Government had just lowered tariffs and cut import licensing exposing F&PA to more intense competition from imports
- the company was looking to escape from being caught up in a wider and volatile industrial climate (described by one manager as "head bashing") by initiating its own composite industrial agreement rather than negotiating 14 different agreements with all the different unions following on from involvement in an annual trendsetting industrial award round.

The company invited a number of union officials and delegates on a joint study tour to Japan with the aim of generating a better understanding of the competitive challenges facing F&PA, as well as gaining an understanding of the application of the quality movement's principles and tools

in practice. After this journey, and after much careful discussion and debate over a period of time, Rowlands presented the assembled union leaders with a choice:

"We are up against stiff competition. We have the talent, the product and the money to invest but I need to know if you guys are with us or not. But I don't want 13 unions. We want one debate a year over salaries and wages, that's all."

Don Rowlands, quoted on p.264,
Defying Gravity etc

So began the process of negotiating the F&PA Composite Agreement that signalled the beginning of the modern era of partnership. EPMU Northern Secretary, Mike Sweeney, was made Chairman of the negotiation committee.

This significant shift in the union/management relationship onto a more constructive and F&PA focused footing was accompanied by a major reorganisation of work through the establishment of production teams using quality tools and measures.

The integrity of the company's approach and the results it delivered helped to recruit the unions who became advocates of what the company was aiming to do. Given F&PA's history of enlightened treatment of the workforce this did not require any great leap of faith. This was further reinforced by F&PA positively responding to and EPMU proposal to adopt a skill based pay system to support the investment of skill development in the new work teams.

Underpinning this whole approach was a refreshing of the company's approach to its relationship with its staff. Better than most,

F&PA understood that modern production methods required an engaged and knowledgeable workforce. The quality of relationships with staff, suppliers, and customers initiated in the late 1980s remains a hallmark today for how F&PA does business: it is an internalised value regarded as the glue that holds a complex business operation together. Associated with this value is the clear understanding that, as the company gained in scale and complexity, it needed to develop a leadership model that could create a working environment in which people could thrive and do their best.

Internally, F&PA makes a point of having a direct relationship with staff. This is experienced by staff who speak of their human relationships with managers on the shop floor using language such as “friend first” (before communicating business information). The distinguishing feature of F&PA is that this emphasis on a high quality relationship with staff is experienced by them as something that is genuine and lived, rather than an aspirational value that is paid lip service.

Workers are currently organised into “mini-companies” that have progressively been given greater autonomy to do what is needed (including stopping the production line) to ensure that high quality production is delivered on time to customers. One manager explains the process as:

“...changing the company from one where people are told what to do, to one where people know what to do and want to do it.”

In terms of union/management partnership, a consequence of this approach to staff relationships is:

“...an abiding belief in collectivism through the union/employer contract as the best means of managing the wages and conditions dimension of the company’s relationship with staff.”

Senior Manager

Unions are perceived by the company as a necessary reality.

The relationship with the union is viewed as a source of competitive advantage where:

- the interests of staff are properly taken care of
- transaction costs associated with managing employment agreements are rationalised and
- a process of consultation with staff and unions over change ensures high levels of commitment to and successful adoption of the eventual change.

In this way, F&PA’s approach to partnership with the EPMU is a natural and inseparable outcome of its approach to staff relationships. As one senior manager expressed it:

“Our production managers are brought up in a world where relationships with people, and how they are represented, are key values that are constantly practised.”

The opportunities created by F&PA were welcomed, in particular, by the EPMU who began an era of intense engagement at all levels. (During the 1990s, there was simultaneously top level strategic engagement and senior HR and union specialist engagement, as well as “on the ground” engagement through the local organisers, delegates, and divisional HR managers.) The EPMU were keen to see the F&PA

“model” succeed, particularly in the Employment Contracts Act environment, as an example of an alternative approach to industrial relations and organisational change and invested in its development via the participation of key officials in a variety of developmental initiatives, as well as through intensive delegate development. The union was an active and constructive partner, as well as being motivated to learn from the experience with the aim of potentially transferring this learning to other companies.

The foundations laid in the late 1980s bore fruit during the 1990s (although not uniformly every year!) when F&PA surged ahead in growth terms while continuing to build a close and increasingly sophisticated relationship with the unions (which, incidentally, reduced in number from 13 to one over this period under the single composite collective contract). This period was described by one senior manager who was at the centre of much of it as:

“...a huge period of magic where we achieved amazing things together. It was only made possible by the creation of the right environment over a long period of time.”

In 1999, under new CE, John Bongard, there was a major restructuring of the whole company away from product aligned divisions to a focus on core businesses of Whiteware, Healthcare, and Finance. This had the effect in the Appliances business of creating centralised teams in marketing, engineering, production and design (plus HR) rather than having smaller functional teams for each product. This restructuring has reduced costs of duplication and heightened the

concentration of expertise. However, there is a feeling in some quarters that it has increased siloisation, removing engineering and marketing specialists, in particular, away from regular union contact thereby lessening their appreciation of the partnership relationship and making cross-functional conversation and learning more difficult.

Some of the current challenges to partnership at F&PA which will be explored later in this case study may be, in part, an unintended consequence of this structural change.

Another factor affecting the latest iteration of the partnership was the late 1990s retirement of HR Manager, Allan Taylor, and the withdrawal of Mike Sweeney from the EPMU (who took on a senior management role in the union) from the intense engagement that characterised the deepening of the partnership relationship throughout the decade.

F&PA today

As already noted, F&PA is today a fully fledged multinational company with growing revenues and an established presence in Australia, the US and Europe. The establishment of manufacturing plants in overseas countries has diluted the influence of New Zealand based operations across the company, and this may be contributing to a lessening of the strategic importance of the domestic union/management partnership.

This is experienced by a convenor of delegates as follows:

“It seemed small and intimate here in 1995. As we move to a global scale, it starts to get out of reach. We notice the loss of intimacy. The bigger you get, the harder you have to work on relationships.”

Like many other export manufacturers in New Zealand, F&PA is also experiencing the effect of massive economic growth in China in the form of unprecedented rises in commodity prices for raw materials, as well as having margins squeezed on products exported from New Zealand by a highly valued currency. New Zealand’s very open economy exposes F&PA to intense competitive pressure, from which there is no cushioning or hiding.

As the Union Organiser put it:

“F&PA’s point of difference is now shrinking, as it becomes truly global and increasingly subject to competitive pressures.”

F&PA is also experiencing the effects of significant demographic changes. Migration patterns in the last decade have slowly altered the composition of the workforce towards a much more multicultural mix, posing challenges for effective communication with and between staff, as well as for workforce alignment and homogeneity around company objectives. In addition, F&PA has a long-serving workforce with many of its staff now approaching retirement. Replacing that skill, knowledge, and loyalty base in a tight labour market is a major issue for the company.

3. Foundations for Partnership

While the values on which partnership are based have already been discussed, it is important to also look at the artefacts, structures, and processes that have evolved to serve the relationship.

Composite Agreement

As noted above, the negotiation of a single composite agreement in the late 1980s (finally agreed in 1991) provided the parties with their foundation for modern partnership.

The agreement has evolved over the years to comprehensively capture all wage classifications, conditions, skill development arrangements and other matters which codify processes for managing change or disagreement.

The Composite Agreement (now known as the National FPA Collective Agreement) is regarded by the union as the cornerstone and formal expression of partnership. Even though it was being finalised as the Employment Contracts Act was being introduced in the early 1990s, the company stayed with the process despite constant pressure from the National Government and the Business Roundtable throughout that decade. This experience undoubtedly strengthened the company's attachment to the Composite and its relationship with the unions as well.

Now, however, there is considerable pressure emerging from the ranks of senior management to simplify and introduce greater flexibility into the Composite Agreement. In the words of one top level manager:

"Some of the thinking and documentation including aspects of the Collective are outmoded. We need greater flexibility in hours of work and to change roles and deploy staff as needs dictate to improve manufacturing efficiency. Some people in the company are now saying that if we cannot afford to manufacture here we will have to go off-shore. There are a whole lot of things working against us."

There is no underestimating of the size of the challenge:

"The Composite is a bible for the relationship so it is a big challenge. We hope there is enough trust with the union to manage this process (of quite a radical reform of the Agreement). Of key importance is putting up a good business case."

For the union's part they are prepared to let the company develop some proposals and build a business case for change in the Composite, although there is a little nervousness that:

"While there is a need for another mechanism for quick reaction to the realities of whiteware manufacturing in a global market,.... is this the thin edge of the wedge (in the company's ongoing adjustment to competitive pressure)?"

Mike Sweeney

In other words where does it end?

This question is likely to underpin union concerns with this major project of updating the Composite.

Structures and processes – the set-up

The partners have evolved a number of formal processes and structures which are designed to support and give effect to the relationship. These too have evolved over the years with the most recent iteration following a short (and second only) strike at F&PA in 1999. The strike proved to be a traumatic event for the company. It spawned a major re-evaluation of the partnership aimed at clarifying and consolidating the relationship.

This review confirmed the characteristics of F&PA's and the EPMU's partnership, as well as the structures through which it is exercised. The formally agreed characteristics are as follows:

- i. "The union is recognised, appropriately resourced, and involved in the company's development.
- ii. Union members are accepted as stakeholders in the company with rights, as well as responsibilities.
- iii. Openness and trust amongst management, delegates, and members.
- iv. An agreed consultative process is pursued to reach resolution and agreement.
- v. There is an acceptance of the need to change to ensure the long-term future for both the company and our people.
- vi. A culture of quality encompassing our relationships, environment, products, processes, and customer services.
- vii. Members share in the company's success."

Underpinning all of this is a clear understanding about the primacy of the relationship and a focus on the quality of outcomes that the partnership can achieve.

The main structures that have been confirmed to support the relationship are as follows:

- i. *Board of Management (BOM)* – involving the GM Appliances, GM Human Resources, Site Managers, Union Organiser, Chair and Vice Chair of Convenors (of delegates). The purpose of this BOM is to meet monthly to discuss and agree on company-wide issues at a strategic level, to enhance union/management relations, and to act as a steering committee for employment relations issues.
- ii. *Local Consultative Meeting* – Convenors (head delegate from each manufacturing unit) and Area Managers (Operations and HR) both meet to discuss and agree on local operational issues. The company leaves it to the union delegates to initiate these meetings which don't always take place in practice.
- iii. *Convenors and Organiser* – All the Convenors and the Union Organiser meet to discuss union business just prior to the BOM referred to above. The results of these meetings are supposed to be fed back to work area delegates.
- iv. *The Union Organiser and Chief Executive* also meet regularly to discuss big picture issues and trends.

The purpose of these meetings is to maintain a high level overview of company direction and possible consequences for staff. As noted above, during the 1990s there was a particularly close relationship between the Corporate HR Manager and the Mike Sweeney. Since one retired and

the other pulled back from direct regular engagement, there has not been the same degree of regular high level contact between the two parties. This is perceived as having “created a gap” in the relationship between the leadership of the respective partners in the eyes of a number of managers:

“We need more ‘big picture’ strategic conversations more regularly and for them to go somewhere!”

Senior Manager

This statement reflects a degree of nostalgia for the quality of relationship enjoyed in the 1990s while also affirming that any new high level engagement has to lead somewhere.

There is also an agreed process for information flows between these different consultative mechanisms to ensure each part is aware of and ‘talking to’ the others. The key processes

that have been established are designed to ensure everybody knows what is going on and that issues are dealt with as close to source as possible. The objective is efficiency and clarity in communications and widespread involvement of delegates and members.

Accompanying these structures and processes is a programme of delegate training and development. Currently, the EPMU provides its own generic in-house training for all delegates. This is supplemented by internal F&PA training of delegates in the processes particular to F&PA. However, there is a view from within management that delegates need more intensive training in the fundamentals of conducting partnership relations than they are currently receiving, although this is a topic under discussion. The calibre and competency of delegates is an important issue for the partners to resolve, as it goes right to the heart of how partnership is experienced on a day to day basis.

4. Partnership in Action

This section looks at partnership on a day to day basis focusing on the experience of the Refrigeration Plant as well as exploring how some of the larger issues have been played out in an environment of partnership.

Day to day

In the Refrigeration plant there is a weekly meeting of operations managers, an HR advisor, a training specialist, and the Convenor of Delegates for the plant to discuss:

- health and safety issues
- team Leader development
- recruitment
- information on production performance
- production issues and impacts
- training issues.

Each of these issues is looked at from a variety of perspectives. Beyond that, the Convenor deals with issues as they arise on a daily basis with the aim being to deal with them at a local level and to find out what is behind them to see if there any system wide issues that need to be addressed. This approach to keeping things local is not just about unclogging the system but also about how to:

“Get ownership at a local level as we do with quality. We are always asking how can we get people to see the consequences for what they do, take responsibility and fix it.”

Manager

Here again there is this deliberately chosen way of doing business informing and infusing

every aspect of what the company does in its relationships with staff and the union. This is how partnership at F&PA has become the norm and is fully integrated into the company’s business model:

“We have formal reviews of partnership and so on, but F&PA really works by doing it on a daily basis. We don’t save up issues for a meeting or for the negotiations, we get on with it, we live it. How we can do it better permeates every aspect of our business. We always ask the union what we can do better, what we need to achieve.”

Manager

Attendance Committee

As with other F&PA plants, Refrigeration also operates an Attendance Committee which meets monthly, comprises of an area manager, a team leader, an HR advisor and a delegate and has responsibility for approving the payment or non-payment for unplanned absences, including sports and recreational leave. The interesting feature of these committees is that they operate with a:

“...grey set of rules which means there is quite a bit of flexibility and the key challenge is to get some consistency over time so people know where they stand in relation to others.”

The goal is to try and achieve a win-win and to turn people who may be regular “offenders” around.

A classic case that was quoted concerns one employee who was regularly absent on Mondays and Fridays. A proactive investigation into what was stopping him from attending revealed he had poor vision and couldn’t see small screw holes clearly, especially after several days of straining his eyes. The company provided him with glasses and six months later he had become a foreman.

“Staff get a clear view of expectations from both managers and the union at the same time so they can’t turn around and run to the union afterwards.”

Manager

“The key is to be straight up. We want to change behaviour not go down the disciplinary path”

Convenor

The Attendance Committee is also a forum for coaching new team leaders and delegates in what is expected so they can take that learning into their own day to day activities. The message picked up by staff and the union is that the company is concerned to have its staff turn up to work fit and healthy and will go out of its way to provide assistance if it’s needed, rather than taking a disciplinary and punishing approach to attendance.

Living it

Beyond these regular forums: “it’s lots of little things that make the difference” (Manager), a regular feature for workforce communication is the two 10 minute “mini-company” meetings that take place each week. These short meetings discuss a broad range of issues and provide yet another forum for two-way company-staff communication.

From the Convenor’s perspective, the key is in recognising that:

“Delegates here need to go the extra yard. It’s not just two positions arguing against each other. There is no room for ‘positional’ here. At the end of the day, helping to make the company work better is all about job security.”

Convenor

This entails working with other delegates to help develop them and constantly trying to steer a fine line between doing your job as a delegate and not becoming caught up in doing the company’s job for them.

“Sometimes when you are trying to help lift quality, you get accused of being in the company’s pocket. You just have to get better at managing these tensions as they are a fact of life.”

Convenor

The aim of both parties is to reach a state in which:

“The union and management view it as our people and our business. We don’t want the mind-set of ‘you and them’, but ‘I and we.’ The bad times are when the manager looks after the business while the union looks after the people.”

Agreed statement between a manager and a convenor

From these observations, it is clear to see that the relationship:

“... takes a lot of guts from both sides. We can get caught between the union and the top management team but we always have to keep working at it. One team leader, delegate, or manager who comes at it differently can unravel quite a lot. So it’s very hard, but history is on our side”

Manager

Communicate, communicate

Several union delegates and the Union Organiser, from their different perspectives, confirmed the company’s absolute commitment to full communication. One delegate observed that:

“No matter how busy they (management) are, they always drop what they are doing and pay attention when I contact HR. Nothing hinders communication.”

Convenor

Another who had come from the meat processing industry said that on starting at F&PA:

“The first thing that struck me was there was no real tension. The bosses sat down and listened to the workers.”

From the Organiser: “F&PA is an extremely honest and open organisation.”

Communication is not just about managers passing on what the company is thinking and doing but also about genuinely listening and responding to the concerns and ideas of staff.

Delegates are now supplied with mobile phones, so they can easily get in touch with whomever they need to at short notice.

Examples of partnership in action

While the day to day practice of partnership at F&PA is well ingrained, the real test comes when larger scale issues between the parties need to be resolved. A number of examples of “big ticket” items are illustrative of the F&PA way.

In recent times, F&PA wished to shorten the three-week shutdown over Christmas in order to meet its customer demands on other markets. They approached the union but, in the words of a delegate, “didn’t really put up a proper business case.” In combination with the staff’s desire to spend the usual amount of time with their families, the “poor” business case was voted down. The following year, a much better prepared management, developed a stronger business case, involved shop floor staff in small groups to come up with options and ended by with a solution that provided for a shorter Christmas shutdown in return for a “flexi” weeks leave. Everyone was satisfied.

A further example of partnership in action concerns the approach the company took to

deal with the loss of production time associated with the historical practice of a five-minute wash-up time at the end of the day for all production staff. Managers developed a case which identified the \$150,000 per month cost of the practice and invited the union to work out alternatives. After deliberations with members, the union worked out a solution involving a swap between the wash-up time and an extra 2.5 days leave per year (equivalent to the wash-up time over a year). This win-win also delivered additional savings on wasted plastic to the company.

Strike

Not quite so successful was the trauma of the one-day strike that took place at F&PA in 1999. Without attempting to traverse the episode in its full complexity it is useful, given F&PA's exemplary industrial history, to reflect on some of what happened. The one-day strike is regarded by the management in particular as a "violent rupture of our relationship."

In brief, the company had been in some economic difficulty in 1998, and this was reflected in them "going hard" at the contract negotiations that year and seeking some "clawbacks" (in the words of the delegates). This took the union and staff by surprise and soured the relationship creating the environment for the election of a number of more militant delegates. It also coincided with the appointment of some new (less experienced) area managers.

From some managers' perspective, the strike was a function of the personalities of the two militant delegates who were "on the warpath." This interpretation led to growing frustration at the apparent impotence of management in the face of a couple of influential delegates trading

on some dissatisfaction amongst staff to pursue their own agenda.

Another interpretation was that F&PA had failed to present a good business case for the changes it was seeking in negotiations in 1998 and had created an environment in which staff dissatisfaction could be exploited. In any event, there was an overwhelming staff vote in favour of taking strike action on the recommendation of the union's negotiating committee.

The recollections of a number of delegates and employees coincide with the view that there was fault on both sides. As it turned out the one-day strike took place after the particular issue at stake had been resolved. No one felt good about it and a lot of damage was caused with then CEO, Gary Paykel, feeling deeply upset by what he saw as a betrayal of trust and a breach of the relationship. Union representatives and staff, while appreciating the significance of what happened, appear more sanguine about the affair.

The strike spawned a major review and refreshment of the partnership that is reflected in the defining characteristics and revised structures described in section 3 above. The lessons to do with developing a sound business case, and patiently communicating and consulting about it, are obvious (see section 6 below for more discussion on the "consultation" issue). However, the experience also raised issues about union processes for electing delegates and holding them to account which a number of managers still view as being unresolved.

Skill based pay

In the early 1990s, when F&PA's team based form of work organisation had been established for a number of years, the EPMU initiated (and the

company willingly participated in) a major project aimed at tying a new skill system supporting team based work organisation to the Qualifications Framework and linking skills to pay rates.

Five years ago, a joint review process was initiated to resolve a number of issues that had emerged in the initial implementation period. After some early differences in approach, the parties were able to navigate their way through to a constructive refinement of the system.

It has taken over 10 years for the new skill based pay system to be worked through, although it has not yet been implemented in full. The definition and development of skills and qualifications with associated training packages has for the most part delivered a “great” system, although there were differences between the union and the company regarding portability of skills. (The union was seeking portability to improve the employability of its members while the company saw its skills development system as a source of competitive advantage and also wanted to retain its staff.)

From the perspective of a number of employees spoken to, the skill based pay system has taken a long time to develop but has a distinct up-side:

“It is too complicated to understand for most people, including team leaders, and has created a bit of a bottleneck in the system with everyone quite quickly getting to level 3 then stopping. But when guys get their certificates, they feel proud that their achievement has been recognised.”

Shop floor employee

However, the revised system is intended to address some of these bottlenecks in terms of new training and assessment processes and a standardised approach to describing and valuing skills. As noted by the EPMU’s specialist in skills based pay systems:

“It is complex and time-consuming at the front-end but easier to manage once the system is in place and people are educated in how to use it.”

From the perspective of management, the new system works well for the most part, although the whole process is regarded as having taken a huge effort to complete over too long a timeframe.

It should be noted that the skills based pay system is comprehensive in that it affects how people are assessed and trained, even influencing how work is set up, as well as how people are paid. As noted by the EPMU official most directly involved:

“It is very much facilitated by the development and training ethos of FS&PA. They have always had an edge there.”

What is noteworthy about this particular example is both the initiative taken by the union partner to actively contribute to this important area of organisational practice, as well as the open dialogue processes used to work through complex issues, rather than either party adopting adversarial negotiating techniques.

5. Benefits of Partnership

As with much of this story, the words of the participants are most illustrative of the benefits of the partnership at F&PA.

Community benefits

From the perspective of the Union Organiser, the essence of the partnership is evident in the F&PA cafeteria where all staff, including senior managers, mingle and where a good variety of meals, including healthy options, can be purchased cheaply. (The cafeteria itself is a potent symbol of the management/staff partnership. Prior to the late 1970s, the company had operated separate dining rooms for shop floor staff and managers.)

"This area is a hub for East Tamaki. Everyone gravitates here; there is lots of social interaction that has implications for the broader community, as well as for F&PA. It's the heart of F&PA."

Management perspective

An HR manager talks of the partnership as having:

"...achieved an open respectful relationship that enables us to get our business needs discussed and understood, so we can move forward together as quickly as we can."

Another area manager says:

"I know it's a bit of a cliché but we really do aim to take care of the people and the relationships and they take care of the business."

In a joint discussion with a delegate and an area manager, they both confirmed that together:

"We view it as our people and our business."

There is no doubt in the minds (and actions) of successive generations of F&PA managers that the pathway they have chosen doesn't just make ethical sense, but it also makes good business sense. A motivated and empowered workforce and a constructive union presence have contributed significantly to productivity improvement over many years. The willingness of employees to initiate improvements, undertake necessary change, and provide that extra effort when called upon is regarded as a source of competitive advantage.

Union perspective

The union clearly has been given, and takes responsibility for, its stake in the business. Over the decades, the EPMU has not simply been a passenger confining itself to responding to management initiatives, but it has also actively invested its own ideas and energy into creating a successful organisation that works at multiple levels for its members and the company. The consequence of this, together with the

enormous effort the company has invested in both its direct relationship with staff and in good participative management practices and work organisation, is that:

“Most of the guys focus on making the business function better, rather than wasting energy on picky fights over entitlements or claims.”

Convenor

An outstanding example of this attitude in practice was illustrated when the company needed to increase production by 200 dryer units per day to cope with demand. A brief was given to a leader of 60 staff in the dryer production area, and together the leader and the workers came up with a solution that involved them working on both sides of the production line enabling them to double production. The only cost associated with this redesign was \$400 for new rubber mats to stop people from slipping.

In addition, F&PA has provided the EPMU with a living and workable example of what genuine partnership can deliver. Its members are respected, well treated, and have better than average wages and conditions. They are also involved in decision-making and contributing ideas about how to make the company work better for everyone's benefit. This is invaluable to the EPMU as they talk to other companies about alternative ways of operating. The union is also treated with respect and valued as a legitimate partner and for the contribution they make to the business.

The workers' view

The willingness of the company to take its staff and their union very seriously and to

communicate fully with them on business issues has its pay-off in the form of a long-serving and loyal staff who understand the business and their own contribution to it. There is a sense of comfort in knowing that there are workable structures for union/management dialogue and problem-solving which are apparent on a daily basis through the activities of delegates, even though for many the union is regarded as a last resort to be called in when things go wrong:

“There is a good structure here for listening to and hearing each other. The managers get good morale by working with the people at their level. We are aware of how real and close global competition is to us. We have a real pride in working for F&PA. The name means something: a lifetime job and being well looked after. We do innovation that takes on the world.”

“If you understand where you come from and where you are going you get that voluntary effort. Plus we know we belong.”

Comments from shop floor staff

There is a good deal of pride associated with working for F&PA that comes from “being part of a good company making good products,” as well as “when you see the products in the shop, you know what you contributed to it.”

That kind of pride in the quality of the product, a sense of identity and belonging leading to voluntary effort, and staff loyalty contribute hugely to workplace productivity. It also makes F&PA a good place to work and be.

6. Challenges and Dilemmas for Partnership

This section focuses on the major challenges for the parties involved in partnership at F&PA.

Structures and processes – in practice

In practice, the structures, processes, and communication flows do not always work as intended with many of the bigger issues and deals: “being discussed between the Convenors and senior managers before being taken to the members for endorsement.” One HR manager expressed the view that:

“We would like to see the more active involvement of other delegates working with managers on business issues and coming up with agreed solutions (rather than it being confined to the few).”

This observation alludes to a broader issue affecting workplace relationships that includes the capability (and effectiveness of delegate training) and personalities of both delegates and some managers. Both parties noted that the calibre of each other’s representatives was critically important to determining the quality of engagement and, ultimately, that of the relationship. For example, a number of managers attributed at least part of the cause of the 1999 strike to the “attitude and agenda” of two key delegates at the time. As noted above, they also bemoaned the lack of training of some delegates noting that sometimes issues were escalated to a higher level before being properly attended to at

the point of origin. However, a lot of background work goes on between the Convenor and the HR Managers to get delegates up to speed.

Another source of frustration for managers relates to situations where less experienced delegates automatically take the part of a worker who is being disciplined when that worker is clearly in the wrong.

“Delegates often adopt a defensive stance and don’t seem prepared to stand up and lead from the front.”

Manager

This is seen by the company as unprofessional behaviour and a source of concern, especially when the union leadership is perceived as taking no particular responsibility for ensuring that delegates are equipped to fulfil their roles, and that they act in accordance with the spirit of the partnership. It is also seen as a shortfall in the effectiveness of delegate training. However, a lot of work involving the HR Advisors and the Convenors goes on behind the scenes aimed at getting newer delegates up to speed. There is some frustration amongst managers that delegates turnover at a rapid rate. Just when one seems to be getting familiar with the requirements of the job, they quit (or in some cases get promoted by the company) or are voted out at elections held every three years.

For the union’s part, there was some frustration that things always seemed to go wrong when short cuts were taken by managers in a hurry who were not prepared to develop a sound

business case and take it through a robust process of consultation. There was also concern when some managers, especially new ones, tried to do things differently in a “non F&PA way,” thereby diluting the culture of partnership.

These reported hiccups, at the very least, illustrate the limits of agreements, structures, and processes in delivering a relationship that works. While such instruments represent a determined effort to “design out” the effect of inconsistent and volatile human behaviour, they cannot always overcome the behaviour adopted by people with a different agenda.

However, underpinning these concerns from the company’s standpoint is the fact that F&PA have deliberately integrated the union/management relationship into the formal management structures of the company, rather than running a parallel structure of secondary importance to the mainstream business structures.

Furthermore, as already observed, they talk of a:

“...triangulated relationship between union, staff, and management with each group having a distinct relationship with the other.”

This three-way relationship has worked well for all concerned over the years and implies a high degree of trust amongst the parties. For example, the union is comfortable with management talking directly to staff because they trust the company and vice-versa. Staff, for their part, note that:

“Everyone is a union member and everyone is a team member. It’s like a rugby team – you talk to the player next to you, rather than always going

to the captain. We don’t need the union on a day to day basis because we use each other. The union is the last resort. If things need to change, the good thing about the company is that everyone comes together in a meeting to learn what is going on and work out what to do.”

However, given the effort that goes into designing and maintaining these relationships, and that F&PA places great store on the principle of continuous improvement and has a desire to improve performance at every opportunity, there is a level of frustration when one party is perceived as not quite pulling its weight. As one manager put it:

“The structures are there to keep issues in perspective and not clog up the system. Poorly trained delegates who elevate issues too quickly or take the easy option cause frustration and undermine the system.”

F&PA managers do not like inefficiency or sloppiness. They expect all elements of the business, including external stakeholders, to be up to the mark.

Another observation from an HR manager about the damage caused by misuse of the systems and processes through which partnership are mediated, notes:

“I have no time for delegates who defend people they know to be in the wrong. It has the effect of reducing our willingness to co-operate and share information which is very undermining of what we are trying to do here.”

However, there is also some appreciation of the difficult position that delegates can find themselves in:

“The problem is that delegates are often torn and then take the easy way out rather than put their butts on the line.”

HR Manager

Union perspective

Of course, for the delegates and the union officials there is a delicate balance to be struck. While the union trusts the company, they can not afford to be seen by their members as being “in the boss’s pocket.” Meetings behind closed doors, being seen to side with the company, rather than a worker who is being disciplined and reinforcing the company’s position on most issues, can and have led to charges of co-option from some quarters. However, this perspective is not always universally held amongst the workforce. For example, some of the shop floor staff interviewed demonstrated a sophisticated appreciation of what is at stake when they observed:

“You can ruin it for others if you are fighting for the wrong reasons (in reference to the example of delegates taking the part of a worker who is clearly in the wrong). People on the floor expect something straight away and if they don’t get it, they start to blame the delegate. People who have a negative attitude or are too afraid to ask, or too shy, are the ones who criticise the union.”

These comments highlight the fine line that unions need to walk when engaging in

constructive approaches to employment issues while simultaneously faced with vocal segments of a workforce that don’t have the patience to listen to explanations about due process or are distrustful of delegates who may have been provided with more confidential information on an issue than is generally available. Union representatives are expected to both engage in constructive dialogue, as well as staunchly defend their members’ interests.

Nevertheless, both delegates and managers noted that where there is some dissatisfaction about delegates getting too close to the company, there has sometimes been a change in personnel at election time in favour of someone who may take a more traditional view. As one former delegate noted:

“The longer you are a delegate the more you see things from both sides. That’s when you get tossed.”

Where philosophy meets business pragmatism

At the end of the day, however, the company understands that:

“Union representation is a reality for shop floor staff, therefore, there is little risk of taking it away as it would de-stabilise staff/management relationships. Overall, there is some frustration and we have our moments, but good relations are in our best long-term interest. A good relationship with the union pays dividends.”

HR Manager

Or, as another HR manager put it:

“The rationale is that people work better if they are not p...d off with you and are happy.”

Ultimately, this is the hard-nosed business reason for F&PA pursuing partnership with its staff and the EPMU so vigorously, as well as echoing the philosophy of the company’s founders.

“It’s in our interests to do it this way. We need to know and understand our people so they stay. Loyalty is important. This is a hard business reality, not just “being nice.”

Manager

While structures and processes may not always be properly used or adhered to, or while some participants may not live up to the standards expected of them, sitting underneath all of this is the essence of the F&PA/EPMU partnership. It is the less tangible elements of deeply ingrained organisational culture and values that provide the real glue that holds the F&PA partnership together. In the words of the Union Organiser:

“F&PA is an extremely honest organisation. If the boss says or tells me something, I take it as a given. Likewise, they can trust what I say. We don’t want to breach that trust or it’s gone.”

In the words of a senior HR manager:

“Ultimately, you have to believe in the importance of loyalty, trust, and relationships.”

Nevertheless, the structures, processes, and training that have been put in place to facilitate the management of the relationship are of real importance, and both parties need to continue to invest in making them work well. Inattention to good process or taking the easy way out can easily lead to an undermining of confidence in the partnership and a damaging loss of respect.

Consultation at F&PA – unbundled

Consultation at F&PA means more than it does in many other workplaces. It’s a way of life, but it also brings its challenges and these are becoming more apparent as competitive pressures on the business grow.

All this structure and attention to communication requires a tremendous effort in terms of the time and resource that it takes. At times, there are varying degrees of frustration in some quarters within management about how long it takes to keep everyone informed and to see the union’s processes of consultation through to completion. Most managers acknowledge the reasons for such a rigorous process and see the longer-term pay-off for the company in terms of staff buy-in. However, there are growing signs of frustration over different aspects of the consultative process that pose real challenges for partnership.

At one level, particularly within senior management which is more removed from the day-to-day practice of partnership in the workplace, there is concern that the harsh competitive realities facing F&PA require greater flexibility and speedier responses than the current consultative mechanisms appear to allow. Yet there is also the realisation, particularly at an operational level, that if the company

doesn't consult fully, it will end up taking longer to get through any change:

"When you try and take a short cut it ends up taking longer."

Manager

One convenor, when faced with a question about company concerns about how long the consultation process takes, noted:

"If the company has a good case and do a good process, 8 times out of 10, they will get our support and agreement, but if they don't, they won't. For example, sometimes they haven't put all their cards on the table to justify why they want something. That just slows things down. Some Managers have ideas for change but haven't thought them through. Others are brilliant at it. For example, when they wanted to change the Christmas shutdown at Refrigeration from three to two weeks one year, they didn't put up a good case and got voted down. The following year, when they wanted the same thing, they used a good process and got the vote."

So, a good business case and a good process go a long way. The difficulty though is two-fold: some within management still feel the price and time taken to achieve required changes, especially in matters such as hours of work or shutdowns, is too much; others are concerned that the union as it currently operates can effectively veto a management decision. On the latter issue, however, most managers spoken to are able to distinguish between the company making a

decision to do something different and then having to consult about how that will be achieved, rather than whether it will or not. However, there was some evidence of frustration within management when the union appears to want to exercise a veto.

The issue of consultation runs even deeper within F&PA management at present:

"While acknowledging that the union can facilitate good business practice, there is too much prescription in the relationship. For example, when going for the 24x7 shift arrangement across two sites, there was a huge investment to get a common solution. It was very protracted and process heavy and ultimately very costly (even though we agreed to it). There is growing pressure from the Board and from some in senior management to simplify things with some even saying maybe the union won't be such a key relationship in the future. It's self-fulfilling to say the union won't be a key relationship, because then you won't invest quite so much into it."

"There is some danger in over simplifying this, particularly from some non-production managers who are removed from the coalface. This is one of the downsides of our centralisation with some managers now being quite remote. The key to our success as a company is our ability to work with people and build a business around our relationships. We still have to put a strong case together, to consult, and invest time

and effort to avoid a relationship breakdown.

“However, while the company has a mindset focused on streamlining and improving things, the union is stuck in a model that says, ‘this is what the guys want.’ It would be good to see the union trying harder to make it work better. The nature of partnership is that you have to show willingness and be committed to change. We don’t see the EPMU investing in improvement. We don’t see enough of the union’s senior leadership meeting with our CEO or things like the union conducting a performance review of their delegates.”

Manager

However, there are some differences in perspective between some managers, and the Convenors and Union Organiser who think things are better than they have been for a while (at least since the strike).

“While the last three years have been the best in stability terms, issues do tend to come to the fore when the business is under pressure.”

Union Organiser

While this may be true at an operational level, it is not necessarily the perception at more senior levels of management. Quite strong criticism of the union around the themes identified above was quite frequently expressed.

“If you (the union) want F&PA to work, you have to invest your resources, your best people, and ideas. You also have to walk the talk. It’s not just about maintaining the status quo.”

Senior Manager

Another senior manager noted:

“Currently we get by. As F&PA has spread geographically the importance of the relationship has become less critical. Furthermore, the union needs to show F&PA that it understands the company’s competitive issues and can convey that understanding to its members and to Government as well as add value to what we are doing.”

These latter comments clearly encapsulate what the company is seeking from partnership with the union: understanding the company’s business realities and translating that into constructive actions at a variety of levels, including the shop floor.

However, a senior union leader also expressed criticism of management’s contribution to this set of issues by observing that:

“Sometimes F&PA senior managers are too slow in coming up with proactive proposals that anticipate change rather than just reacting to it.”

Apart from concerns about the “document base” (Collective Agreement) being too rigid, there is a real and widely expressed concern about the need for:

“...more active engagement with senior leadership of the union so they can understand our need for change.”

Senior Manager

Of course, F&PA is subject to scrutiny from market analysts, as well as the disciplines of competitive markets, while the union can (but doesn't necessarily always) focus primarily on satisfying its members in an otherwise uncontested space. This difference alone may account for different worldviews and expectations on the part of each partner which makes reconciliation of distinct interests a challenge requiring constant attention.

Staying on the pace

Over many years, the partnership has evolved to meet changing circumstances and realities. However, these new competitive challenges, together with management concerns that the partnership as presently constituted is at least considerably challenged in rising to meet emerging threats, highlight the importance of paying constant attention to how the relationship evolves. There is evidence of a growing perception within the organisation that the thinking and practice of the two partners has slipped out of alignment. Complacency or excessive comfort with the status quo can lead to the partners developing unevenly. Ultimately, that can lead to misunderstanding, impatience with each other, and the temptation to follow different pathways to the detriment of the relationship. As noted by a shop floor worker:

“If the partnership has to change, both parties need to change and get better, together. We can't afford for one party to fall behind.”

This is echoed by the words of a senior manager who observed:

“The fundamentals of the relationship with the union haven't changed to keep pace with business realities. Some managers are saying the consultation process is too slow and cannot cope with rapid change. F&PA doesn't like bureaucracy.”

Taken together, the issues to do with the need for greater levels of senior level engagement and an ability to modernise the partnership processes to better cope with the pressures of achieving greater responsiveness to competition add up to a significant challenge for the partners. For F&PA, they face the dilemma of maintaining a competitive edge, while still wanting to live out values built on strong relationships that take real time and effort to nurture. For the union, the dilemma is in responding appropriately to a form of change that isn't particularly welcome or likely to be popular with members.

“We recognise the need for change, but people don't want to be moved out of their comfort zones, especially as things seem to be moving along nicely. But we see the bigger picture and want that to be explained to the rank and file.”

Convenor

From the point of view of the EPMU leadership, there is an appreciation of the competitive realities facing F&PA and a willingness to explore more flexible approaches:

“In the 1990s, the union argued that a good contract provides a secure base for good productive work. However, F&PA is under more pressure as it gets harder to retain an edge in an increasingly competitive world. So, maybe there needs to be a more flexible approach; something from outside the square. We need to work on an approach and frame it up properly so we can have an informed debate with delegates and members. How can we make the model more relevant and attractive, so that a good modern manufacturer can succeed in the global economy?”

Mike Sweeney

Sweeney also acknowledges the need to refresh the overall relationship:

“It’s been more than two years since we had our last philosophical session with the senior leadership of F&PA.”

However, the union does not “want to throw out the baby with the bath water.”

The dilemma for the partnership is that company requirements for greater speed and responsiveness to competitive pressures don’t sit well with established processes of consultation and people’s need to come to an understanding of the need for change over time (or where business realities butt up against human needs and preferences). The union shows

some appreciation of this; the company also realises how fundamentally important it is to consult properly and keep faith with its proven partnership approach while also having to do what is necessary to successfully survive in a world economy that has seen its competitive edge being eroded. The challenge is to find a way through this dilemma through a full refreshment of the relationship starting at the highest level.

While these views represent thinking about current issues, they don’t capture the full range and complexity of the relationship and need to be put into a wider perspective. Nevertheless, they are critically important challenges. However, the response of Mike Sweeney provides some optimism and points to a potential way forward for the partners to explore as they come to grips with the realities of modern manufacturing from within New Zealand.

Senior Managers within the company, despite their frustration, also understand the real value of the partnership to their business:

“The union can facilitate good business practice, so F&PA is supportive of a successful union relationship.”

Senior Manager

There is some impetus for moving forward, refreshing, and modernising the relationship.

The refreshment needs to involve at least:

- a re-engagement between the leadership of the two institutional partners focused on updating each other on their respective realities

- a redefinition of and commitment to the key high level principles of modern partnership at F&PA capable of responding to emerging realities
 - a translation of those principles into a new work programme which responds to the real needs of each partner, including redesigning delegate development programmes to meet new requirements.
-

A successful refreshment of the relationship calls for a lot of courage, innovation, and a mature and responsible approach from both parties keeping faith with their core values. If anyone can pull it off, F&PA and the EPMU can, so long as they remember the essence of their relationship and how they got to where they are today.

7. Critical Success Factors

From the evidence that has been gathered during this snapshot case study, the critical success factors for partnership between F&PA and the EPMU appear to be as follows:

Values and philosophy base

Underpinning the company's approach are several generations of enlightened management informed by a humanist philosophy of genuine concern and respect for the contribution and welfare of staff, both individually and collectively. This ethos translates into placing a huge value on the importance of relationships with both staff and their representatives. Respect for staff extends to recognising their right to an independent and collective voice. The union is perceived as an organisation that represents the collective interests of the company's staff. Maintaining good relationships with all stakeholders is an unshakeable belief that provides the glue that holds all the other productivity and performance drivers together.

Three-way relationship

F&PA has a deliberate policy of maintaining a direct and separate relationship with its staff, including the union delegates, as well as with the union, rather than mediating everything through the external union or just dealing directly with staff. While the partnership is between the two organisations, the existence of a distinct third party in the form of staff is a distinguishing feature of the F&PA partnership. That this triangulated model works is a testament to

the high degree of trust and high expectations that each party has of the other. It is also pragmatic as the union contributes significantly to legitimising decision-making, after proper consultation, which helps to ensure a high degree of acceptability for what is finally agreed.

Commitment to each other's success

Everything the partners do starts from the premise that they value the other and support each other's success. They recognise and respect each other's legitimate role and contribution. They also support each other in exercising that role. The company actively enables the union to fully consult with its members. The union supports company initiatives to make change once a good business case has been made and helps to implement that change with a minimum of fuss once it has been confirmed.

High performance culture

A further dimension to the values and philosophy base is the company's wholehearted adoption of a culture of continuous improvement and teamwork which permeates their approach to everything in the business, including workplace relationships. F&PA have developed and practice their own particular version of this philosophy which is enhanced by kiwi values such as informality, a degree of irreverence, and a quest for innovation. The resulting mix creates a unique culture of excellence within which everyone seems at ease.

Live it daily

F&PA and the EMPU simply get on with having a constructive approach to the full range of issues they encounter on a daily basis. They don't save up issues or harbour little resentments for which they might later seek some kind of revenge. They constantly communicate with each other with the aim of working on the little frustrations, so they don't accumulate and blow out of all proportion. They don't make a big fuss about partnership either; instead they just live it.

Longevity and continuity of management

F&PA's approach makes people want to stay working for them. A "strategic majority" of managers and staff have been with the company for many years. This means that, over time, people become deeply immersed in the company's organisational culture. F&PA is not bedevilled by continuous changes in senior leadership which often bring sharp shifts in direction. New staff, at all levels, are encultured reasonably quickly. Low turnover at all levels also says something about the company being a good place to work and to advance a career.

Integration of partnership into management structures

Partnership isn't an add-on to the company's structures and processes running in parallel with the 'real' business. Instead, partnership is integrated into management structures and processes: it is part of the company's architecture. "Mainstreaming" partnership in this way elevates its status within the company, as well as ensuring it is an integral part of everyday

business. It also ensures that all the parts of the organisation are connected and talking to each other.

Openness and communication

F&PA has always practised a "no-surprises" and open information approach to sharing information with both staff and union representatives, although this is now a little constrained by NZ Stock Exchange rules. Shop floor staff knowledge about the state of the company and its products, the challenges it faces, etc is impressive.

The key method to which both parties subscribe is a huge commitment to talk things through in full, so there is real clarity about the company's intentions and reasons for change. Early warning of any impending change creates space to genuinely listen to the "workers' voice" and consider alternatives. Developing a sound business case for making a change and talking it through fully with union representatives and staff is almost always a recipe for securing agreement and co-operation in achieving change. Failure to deliver on this ingrained expectation (including being too hasty) can and has led to problems.

Responsibility model

As a consequence of the respect that is paid by F&PA to its staff and the union, the company treats people as responsible adults who have both rights and obligations:

"It's an adult relationship. The union has the opportunity and the choice about influencing decisions as the shop floor staff. The offer is: 'here is what we are here to do, and we want you to contribute and to improve with us.'"

Senior Manager

The clear implication is that it is not OK to take the relationship for granted or to be in cruise mode:

"The company needs and wants your contribution and is providing a real opportunity for you to be proactive."

Senior Manager

8. Reflections, Conclusions

In essence, the F&PA and EPMU model of partnership is a very mature and highly developed one. There is a strong ethical and belief base to it, as well as a rigorous set of business disciplines that together have become deeply ingrained into the organisational culture that underpins everything that takes place.

The EPMU has also made a significant and long-term contribution to this partnership.

Both parties also have clear and sound “business” reasons for engaging in this partnership and believe in it as both a smart and humane way to live and work.

There is a palpable sense of something special and rare having been created at F&PA. Managers, staff, and the union have found some very effective ways of doing business and working together to create a successful and healthy workplace that people enjoy being a part of.

The partnership faces some significant challenges. As F&PA expands globally, and competitive pressures make manufacturing from New Zealand even tougher, the overall importance to the company of this particular relationship is diluted. This is further compounded by a growing separation of senior managers from the everyday realities and benefits of workplace based partnership. At the same time, the partnership, in certain respects at least, has been left to drift a little.

This combination of circumstances has created some disconnection within the partnership. Some

within management perceive the union as falling off the pace in terms of being able to offer the degree of flexibility and responsiveness, in terms of the base collective agreement and good process, that they believe is required to deal with competitive pressures.

It needs to be remembered that the union/management interface usually represents the sharp end of workplace relationships, and there will always be some differences in perspective, goals, and methods as each party responds to its respective constituency. Management will constantly struggle to come to terms with the processes used by unions to conduct their end of the business. Nevertheless, it is clear that the union needs to face up to and focus its attention and resources on how it can respond to the challenges facing the partnership. The EPMU ultimately needs to adapt to changing circumstances at F&PA, even if they are not particularly welcome. As noted by a convenor:

“We don’t want to see this go: it’s precious.”

The good news is that both partners have a long and rich vein of experience to draw upon in dealing with current issues and remain committed to each other’s success. Partnership at F&PA is a living thing that is deeply ingrained. It is also an adult relationship founded on mutual responsibility. The prospects of renewing the partnership to meet today’s challenges look promising.

Appendix: List of Interviewees

Fisher & Paykel Appliances:

Alison Brown, HR Operations Manager
Kim Parkes, HR Manager, Auckland Site New Zealand
Brian Nowell, General Manager, Customer Services, Quality, and Corporate Communications
Alan McArdle, Site Manager, Auckland
John Wardrop, General Manager HR and Operations
Gill Clarke, HR Advisor, Refrigeration
Anthony Belsham, Operations Manager, Refrigeration
Rani Brown, HR Advisor

EPMU:

Pio Manuel, Convenor of Delegates, Refrigeration
Mer Grainer, Head Convenor of Delegates
Neal Saxon, Deputy Head Convenor
Frankie Tuala, Union Member
Lance Rakuraku, Union Member
Albert Shepherd, Union Member
Mike Sweeney, Regional Secretary, (at time of interview) EPMU
Maurice Davis, Organiser
Rosalie Webster, Assistant National Secretary

Workplace partnerships can help build quality relationships which lead to more effective and fulfilling workplaces and better business performance. The Partnership Resource Centre is responsible for fostering such partnerships. It works with employers and unions to develop co-operative workplaces which focus on working towards meeting agreed and mutually beneficial objectives.

The purpose of this occasional paper series is to provide case studies and other publications to promote best practice and share experience in partnership approaches.

The Centre's services also include:

- Providing information on partnership
- Supporting capability development for managers, union officials and delegates at different stages/ levels of partnership
- Developing, delivering, and disseminating specific resource and training materials, case studies, and other tools to support partnership approaches
- Providing opportunities for shared learning and networking for managers and unionists involved in partnership initiatives
- Providing expert facilitative support at more advanced stages of partnership development or where obstacles have been encountered
- Offering training in improving interpersonal and organisational processes, such as conflict resolution and business analysis
- Providing expertise in organisation development and change management.

