

Britain's Trade Union Modernisation: State Policy & Union Projects

Mark Stuart, Miguel Martinez Lucio & Andrew Charlwood

This paper examines the nature and process of trade union modernisation in Britain, through an analysis of the Labour Government's Trade Union Modernisation Fund (UMF). The key concern of the paper is to examine how the state has sought to influence the modernisation processes of trade unions via the UMF, the union response and what the potential gains may be. The paper argues that the UMF has not led to an inevitable subjugation of unions to state policy; instead projects have fostered new ideas within unions and have led to the development of new participative, communication structures, new organisational skills and new representational roles around the promotion of workplace equality.

Mark Stuart (E-mail: ms@lubs.leeds.ac.uk) is Professor of Human Resource Management & Employment Relations & Director of the Centre for Employment Relations Innovation and Change at the University of Leeds. **Miguel Martinez Lucio** is Professor of Comparative Human Resource Management & Industrial Relations at Manchester Business School, University of Manchester. **Andy Charlwood** is Senior Lecturer in Human Resource Management at York Management School, University of York.

Trade Union Modernisation Fund

This paper examines the nature and process of trade union modernisation in Britain, through an analysis of the Labour government's Trade Union Modernisation Fund (UMF). The UMF was launched in 2005 to provide funding for small-scale innovation projects. It is somewhat controversial. Critics on the political right regard the funding as a government 'back hander' to the unions. Critics on the political left, including many industrial relations commentators, consider the UMF either irrelevant or indicative of how 'new Labour' has treated the union movement since election in 1997. In Ewing's (2005) terms, this would be characterised as an attempt by the state to explicitly shape the operations and functions of trade unions in line with wider economic and political objectives. This, it is argued has led to the emergence of a new 'supply side trade unionism', based on diminished regulatory and representation functions. The potential gains for the union movement in UMF participation have not been considered. The key concern of the paper is to examine how the state has sought to influence the modernisation

processes of trade unions via the UMF, the union response and what the potential gains may be.

The UMF represents an attempt by the state to facilitate the operational modernisation of trade unions, so that unions may better respond to changing labour market conditions (Stuart et al. 2006, 2008). To understand the context in which this attempt at modernisation is taking place, we need to understand two things. First, what is the environment that unions are currently facing? Second, how have unions, as administrative entities, responded to this environment. We then consider how the UMF should be understood within the wider pattern of government/union relations.

British Trade Unions

Since 1979 trade union influence in Britain has declined dramatically. Union membership fell from 13.3 million in 1979 to around 7.6 million by 2008, and union density from 57 per cent to 28 percent (Certification Office 2008, Mercer & Notley 2008). Whilst the rate of decline has slowed somewhat since 1997, the trajectory has remained downwards. There are wide differences between the public and private sectors, with 59 per cent of public sector workers union members in 2007 compared to just 16 per cent in the private sector. Collective bargaining coverage now covers just 34 per cent of employees. Where unions retain bargaining rights, they bargain over a narrower range of issues (Kersley et al. 2006), whilst the union mark up has declined along with the abil-

ity of unions to reduce wage inequality (Addison et al. 2006). However, unions continue to act as a 'sword of justice' boosting the wages and narrowing pay inequality among disadvantaged groups in the labour market (Metcalf et al. 2001).

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Unions also face a very different labour market, compared to the 1970s 'high tide' of membership. Their environment is far more legalistic, and compulsory trade union membership (the closed shop) has been outlawed. Employment in manufacturing and key industrial sectors, once the heartlands of union power and membership, has declined dramatically: in 1984 25 per cent of employees worked in manufacturing, compared to current employment of just 13 per cent; employment in services has increased just as dramatically. The unions which have prospered in this new environment have largely been those that represent professionals in education and medicine.

British Unions as Administrative Entities

As organisational bodies trade unions are unusual, in that union organisation is the sum of both a professional, employed workforce and an elected and voluntary body of lay activists. Unions thus face a tension between being administrative bodies, tasked with the efficient operation of their own in-

ternal affairs and of their representative obligations to their members (supporting collective bargaining, providing legal advice and support etc.), and representative bodies, effectively representing the democratic will of their members. Unions thus have 'on-balance sheet' resources (buildings, investments, membership income etc.) and 'off-balance sheet' resources (voluntary activists). Over the last decade, both sets of union resource have declined (Willman & Bryson 2009). There has, for example, been a decline in the number of trade union representatives, from around 328,000 to around 100,000 in 2004 (Charlwood & Forth 2009); financial reserves are also at historic lows (Willman & Bryson 2009).

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Significant structural re-organisation has occurred. Historically, the union movement in Britain was dominated by small craft unions, alongside a smaller number of general unions representing semi-skilled and unskilled workers. The changing context has seen a decline in the number of overall unions and the emergence of a smaller number of 'super unions'. Union membership is now highly concentrated in a handful of very large unions. By 2008, 85 per cent of union members were members of just 15 unions, each with more than 100,000 members (Certification Officer 2008).

Most large unions could be categorised as 'conglomerates', which Willman (2004) argues tend to operate a 'modified M form' structure, where the union head office uses tight financial controls to allow different geographical and industrial 'divisions' and bargaining units to share risk and cross-subsidise one another. Union management is complicated, due to the decoupling of representative and administrative functions, which respond to different environmental pressures. Representative functions remain close to the bargaining unit, while administrative activity is headquartered. Equally, while financial control is vested in the headquarters, the union's off-balance sheet resources (activists) are located in the bargaining units. This means that there must be a bargaining process between the bargaining unit and the headquarters over internal resource allocation. Headquarters will have only a limited amount of strategic choice over spending priorities, because the demands of the bargaining units come first. Given this organisational environment, an initiative like the UMF may be able to leverage change, by providing resources to introduce innovations/ develop ideas which unions would not be able to resource otherwise. Yet, the impact of UMF projects may be limited because of the difficulty of embedding them across a diverse portfolio of bargaining units with divergent interests and priorities.

So how do unions actually behave and manage themselves given these structural constraints? Research is limited. One exception is the survey into

union administrative policies of Clark et al (1998), although this reveals little more than whether unions had a HR or Personnel Director, or formal strategic planning processes in place. The practise of strategic planning is not explored. Similarly, while research has considered the strategic choices facing unions, there is less evidence on how unions actually translate strategy into practice. There is also extensive research on the challenges unions have faced in trying to develop new renewal strategies of organising and partnership, which, while not directly focused on union management and administration, do shed some light on the difficulties involved (organising and recruitment is also explicitly excluded from the remit of the UMF). Studies of union organising (Simms & Holgate 2009), suggest that resource constraints, poor management systems and lack of commitment to change from senior union leaders, full-time officials and lay activists were all important internal constraints in change initiatives aimed at building an organising culture within trade unions. Tensions between the agenda of full-time officials and lay activists are also evident in studies of partnership (Stuart & Martinez Lucio 2005). This connects with an older body of research that tends to highlight the conservative tendencies of professional union governance (Hyman 1995). Therefore we have some understanding of how unions organise and structure themselves, and the structural constraints and tensions that they work within. We have evidence of the practical difficulties that unions face in ad-

vancing practical renewal strategies. What we lack is empirical evidence on the administrative and managerial processes that lie behind these difficulties. Data from the UMF projects seem well placed to fill this gap in our knowledge. Given that internationally they face similar challenges, unions are undertaking their own renewal initiatives and are also engaging with, often state-funded, projects of change, analysis of the UMF also has wider relevance.

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UMF & Employment Relations Modernisation

The UMF was formally launched in 2005 under the administrative auspices of the Department for Business, Enterprise and Regulatory Reform (BERR). A budget of £10 million was allocated. Following a first round call, 35 projects were funded and commenced in 2007; 33 projects started under the second round in 2007; 14 projects started under the third round in 2009. The UMF seeks to support, through up to £200k (match funded) grants, innovative individual union projects to help speed unions' adaptation to changing labour market conditions. Its official aim is to support projects that either explore the potential for, or contribute to, a transformational change in the organisational efficiency or effectiveness of trade union unions, and provide a demonstration effect to the

wider union movement (Stuart et al, 2006, 2008).

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How is the agenda underpinning the UMF to be understood? One critique would regard this as an attempt at state funded reorganisation, the aim being to produce a form of 'supply side trade unionism' sympathetic to the neo-liberal economic and political ideals of the British Government. In accepting state money, unions are essentially compromising their historic role and disarming their ability to mobilise against government policy (Ewing 2005). This assumes no gains for unions; these are best achieved through formal state regulation that promotes collective bargaining and constrains employer opportunism. At an abstract level, this argument has appeal. Yet it tends to overstate the degree of state intent and control and totally underplay the resourcefulness of unions to shape projects to their own ends.

An alternative understanding could be rooted in social exchange theory (Blau 1964, Emerson 1972). The UMF is not necessarily an attempt to 'do' something specific to trade unionism in Britain, but the outcome of a negotiated process, which is part of wider efforts to maintain a long-standing government/union relationship, in an environment that makes that relationship difficult to

sustain. It may be as much about political compromise as anything else. It should also be noted that the UMF was not a governmental idea foisted on an unwilling union movement. The union movement, and specifically the offices of the peak Trades Union Congress, had been lobbying for such support since 1997. Likewise, unions have a choice whether to opt into the UMF or not. Whilst analysis of the UMF can allow us to test contrasting perspectives of the role of the state in employment relations, the paper starts from the position of social exchange. The UMF is seen as affording some degree of engagement (and risk) by unions with key external and internal challenges and imperatives, around, for example: the changing labour market and social and economic environment; the changing nature of technological resourcing and communication; and wider union strategies of internal learning and external benchmarking. This study offers therefore the opportunity to gain new insights into the managerial and administrative processes by which unions seek to translate strategy into practice.

Methods

The paper draws on an analysis of the 35 projects funded under the UMF first round. The authors' acted as the Fund's independent evaluators (Stuart et al, 2006; 2008). Three sources of data were collected during the period June 2006 to May 2009. First, over 220 project documents were analysed, from ongoing quarterly progress reports to more detailed final project reports. Sec-

ond, ten qualitative case studies were conducted, involving interviews with project workers and nominated union officials at the start and towards the end of projects. In total, 40 interviews were conducted, taped and transcribed. Third, two telephone surveys were conducted, of all initial 48 project applicants and towards the end of all 25 non-case study projects. Additional data were also collected through occasional interviews with TUC officials, BERR advisors and through attendance at various UMF events and presentations. The first round call invited transformational projects that met one or more of six priority themes: improving the understanding of modern business practices by full-time officers and lay representatives; improving two-way communication between unions and their members; improving the ability of unions to respond to the increasing diversity of the labour market, and to supply services geared to the needs of a diverse membership; applying modern management methods to the running of unions as efficient, outward-looking and flexible organisations; assessing the challenges and opportunities of union restructuring and mergers; and, developing the professional competence of union officers. Thirty five projects were funded involving 32 unions. Total funding for projects amounted to around £3 million, with the largest grant awarded to the General and Municipal Boilermakers (GMB) (£198, 324) and the smallest to the West Bromwich Building Society Staff Union (£4, 546). Eight large unions (over 100k members) had projects funded and 6 very small unions (less than 5k members).

The projects allow us to explore the modernisation process of unions: what are they actually doing; what are the benefits and lessons of projects for unions; what are the key impediments and challenges to the realisation of benefits.

What Did Projects Do?

A summary of project activities is detailed in Table 1. Of the priority themes, the most common focus was on improving two-way communications, labour market diversity issues and modern management methods. In practice, across all projects four types of activities, not necessarily distinct, were apparent. First, there was a wide research effort underpinning many projects, in terms of surveys of activists, members and non members, for example on how well unions were perceived to represent diverse groups of workers, such as black and minority ethnic categories. Second, there was extensive activity around the improvement of union communication structures, focusing on the testing, introduction and application of new technologies. This covered the development of new union web sites, with higher levels of interactivity for members, as well as the trialling of new modes of communicating with members through SMS messaging. Thirdly, many of the projects had some form of educational or training component to them, covering the top team in unions, or national and regional officials or all union staff. Finally, a smaller number of unions sought to engage with employers, through the furtherance of new partner

ship relations and new consultative forums or through the construction of new agreements around equality and diversity matters.

Table 1: UMF Projects by Themes and Outputs

Applications by Them	No	Project Focus
1. Understanding modern business	8	Company level partnerships; new facilities agreements; ICE practices training
2. Improving two-way communications with members	21	New websites, diverse communications, ICT surveys
3. Diversity	11	Equality reps, toolkits, migrant workers supports
4. Applying modern management methods	9	Performance Management; new management tools
5. Assessing the challenges of merger and restructuring	2	Research/ internal reflection
6. Developing professional competence	11	Databases, education

Of the priority themes, the most common focus was on improving two-way communications, labour market diversity issues and modern management methods.

Projects outputs were varied, including not just new union web sites, and numbers of union staff training, but a wide range of new union toolkits, best practice guides and new union roles and strategic protocols. To illustrate with reference to four projects:

1. The retail union USDAW (Union of Shop, Distributive and Allied Workers) had the longest running project (2.5 years) to introduce a union-orientated Balanced Score Card. This linked all the union's key administrative and operational activities with its central strategic objective of organising. This involved training all union staff in the principles and practices of the Score Card and a wider performance management system. The roll out of the strategy, which represents a major cultural change in the union, has been supported through UMF round two funding.

2. The TGWU (Transport and General Workers Union, now part of UNITE) received funding to establish and trial a Migrant Workers Support Unit (MGWU). This involved some focused activity

in selected regions and a significant research effort to understand the specific representational needs of migrant workers. The union also used the project as a platform to lobby the government on a number of legal concerns around migrant workers' rights, and has also disseminated the project internationally, including a workshop in India. A key concern was to connect the employment rights of migrant workers with wider debates around human rights.

3. The NUJ (National Union of Journalists) focused its UMF project on workplace equality. Notably, it produced a best practice toolkit on equality and a model agreement for union representatives to use with target employers. Most significantly, the project trained over 70 new union equality representatives (an Amicus- UNITE project also developed new equality reps). In this regard it was an important benchmark project, as equality representatives are a new development. The TGWU also had a project designed to develop the role of the equality rep. A key outcome of both projects was to push, on the basis of the findings and activities of the UMF projects, for wider government support for equality representatives. The UMF second round specifically built on this to encourage projects on equality representatives, to further build capacity and to also generate wider findings to support any new policies to support the work of equality representatives.
4. Finally, the Portman Building Society Staff Association, a small union, used its UMF project to train (and recruit) 46 new workplace representatives, to help the union improve its representational capacity during a merger process with another national building society. The project changed the union from an organisation heavily reliant on the knowledge of its general secretary and a small coterie of representatives to a union more able to service its members' needs, notably in terms of case

work during a period of turbulent change.

Analysis reveals that that many projects were already a 'glint in the eye' for many unions, but would not have gone ahead without UMF funding.

Analysis reveals that that many projects were already a 'glint in the eye' for many unions, but would not have gone ahead without UMF funding. In many cases project funding allowed unions to 'buy-in' relevant expertise, be it for research efforts or project management skills, to mobilize new initiatives, under the guidance of, rather than reliance on, senior union officials. There is some evidence that unions were following up projects with their own internal investments, commitments to 'carry on' or by integrating the findings of projects into 'the way we do things around here'.

Benefits & Lessons Learnt

Unions learnt important lessons from participation in UMF projects, and in the majority of cases the projects delivered benefits to the unions. First, projects delivered new resources and assets, with apparent benefits. This included new technological solutions, such as more interactive web pages, new skills and knowledge assets through the wide ranging programme of training and also new union strategies, structures and roles. Second, there were evidenced improvements in the communication structures of participating unions. For example, the implementation of new interactive web

sites, with provision for on-line voting and forums, improved democratic processes. Third, participation in UMF led to significant learning in terms of how unions develop contracting relations with external bodies. Many projects bought in subcontractors to either deal with new technological solutions or to conduct research. This often did not go as planned, but lessons were learnt by unions as a result. There was also a degree of information sharing between unions around how to deal with contracting problems.

Project management emerged as a key area for union learning.

Unions have become more acquainted with the art of running projects under the funding opportunities provided by the Labour Government. Nonetheless, the management of projects is not a traditional role within unions and internal expertise is somewhat lacking. Thus, fourthly, project management emerged as a key area for union learning. At the outset, this was often seen as trivial or something that was not appropriate to the way unions are run. But as projects progressed key project management techniques were learnt in relation to time management, project governance, financials, internal communication and monitoring and evaluation. This promoted, fifthly, a degree of internal evaluation and reflection within unions in terms of not only how to run projects but the value such projects could play to unions, for example in terms of how members were serviced and represented.

Finally, in recognition that unions are located in similar contextual conditions and faced similar project challenges there was some evidence of nascent network building and shared learning, for example in terms of how to deal with IT contractors, model contracts or issues in relation to labour market diversity.

Challenges

Projects were at times faced with challenges; yet three projects failed. In general, project processes illuminated the key modernisation hurdles that unions need to address. There were a series of challenges that can be grouped together under project management, such as planning, strategic implementation, relations between project workers and union officers, control of projects and external relations. But the projects were also illustrative of the deeper administrative conditions that act to constrain union innovation. This includes firstly the time demands on senior union officers, many of whom had symbolic leadership of the projects. It was recognised that the cost of projects in terms of labour resource and time was typically under-estimated. In most cases projects responded to this early in the life of projects. But in select cases, senior union officers and projects managers often struggled with projects on top of full workloads, resulting in personal stress and project delay. Second, whilst employer support was not central to most UMF projects, in key cases the outcomes of projects, for example in terms of the promotion of equality representatives, came up against the need to engage with

employers. In the case of partnership projects in the finance sector there were some notable achievements. The case of equality proved trickier and revealed the extent to which equality is subject to contested interests and conflictual agendas.

In general, project processes illuminated the key modernisation hurdles that unions need to address.

Thirdly, whilst projects varied in ambition, many regardless of size challenged aspects of traditional union cultures. This would seem to be a key objective of union modernisation. However, the way in which projects fit into union cultures and structures is complicated. Some unions were keen that projects should specifically challenge and to some extent lead cultural change, in other cases projects were seen as about modernisation but it was assumed this could be integrated within existing systems. Some projects reflected that projects raised important new questions about how they should be engaging with and representing members that is, it is members who define the parameters of modernisation. In other cases, the projects threw up new representational issues that directly challenged existing union rule books and there was a degree of debate about how modernisation could be accommodated. Finally, a challenge remains over long-term influence. There remains a concern that projects may be 'consigned to the shelf', or that 'memory' will be lost as key project

workers move on and the funding ends.

Conclusions

Our analysis of the UMF revealed important insights into the challenges faced by unions in their internal modernisation. There is an emerging evidence base to suggest that the UMF has conferred benefits to trade unions. In some cases these may prove to be transformational. But any assessment brings into debate two wider concerns. First, is an issue of measurement: the effectiveness of unions is judged on member facing issues around representation, mobilisation, goal attainment and wider social justice. Against this modernisation could be seen as potentially distracting or worse an exercise in displacement. Yet, as organisational entities it is necessary to consider how the formulation of union strategy, organisational implementation and practice integrate. Secondly, for critics the UMF is seen as an exercise in state control or manipulation of union futures: as a strategic attempt to re-cast unions as more pliable and moderate organisations. Our initial analysis refutes this reasoning. At simply a practical level, projects are exploring and addressing central union concerns around member representation and issues of labour market equality and vulnerability, and through this are leading to new union roles and structures.

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