Capital Mobility, Job Loss and Union Strategy:
The Case of the UK Aerospace Industry.

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This paper provides comparative analysis of contrasting workplace union responses to processes of radical organizational restructuring in the UK's aerospace industry, one of the country's key strategic sectors. There have been two principal dimensions to this restructuring. The first is the rapid development of transnational joint ventures, strategic alliances and sometimes full mergers between different firms. The second is the widespread process of stripping out labour from product design and production. Aerospace plants in the UK have been downsized and reorganized into a plethora of financially accountable profit centres whilst work packages in the more vulnerable operations are increasingly at risk of being transferred into an internationalized supply chain. The paper analyzes two distinctive union responses to these changes which resonate with contemporary debates governing the future role of trade unions at work. The first response is based on co-operation, or 'partnership' with management whilst the second is based on opposition by the assertive defence of rank and file member interests. In evaluating these union responses we highlight how the challenges posed by global capital require new union strategies based on inter-plant solidarities at the national and international level. The emergence of such strategies is currently constrained by the traditions of 'sectionalism' still common in British engineering unions.

Two interlocking themes have permeated current debates in the UK governing the role of trade unions in the contemporary workplace. The first concerns the problem of firm competitiveness in the context of globalization and the need to boost labour productivity through high performance work reforms. The second concerns the appropriate form of trade union activity at the workplace level, and, specifically, an interest in promoting more co-operative management-union relationships (Department of Trade and Industry, 2003; 2002).

In parallel with developments in the USA, much academic and public policy discussion has centred on so-called 'high road' competitiveness strategies. These are based on the adoption of certain clusters of management practices, now known as high performance work systems, which are claimed to boost labour productivity and organizational performance through, *inter alia*, processes which are assumed to enhance employees' job satisfaction, job security and sense of commitment to the firm (Appelbaum et al. 2000; Kochan and Osterman 1994). The relevant management practices include the use of labour flexibility measures, self-managed teams, problem-solving groups, skills training programmes and extensive communications between managers and workers. Proponents of such workplace reforms argue that integrative industrial relations environments that promote social cohesion in the employment relationship are an important feature of the high performance workplace and that without them, high performance outcomes may be impaired (Appelbaum et al. 2000; J.Bélanger et al. 2002). Thus, the presence of high trust relations between managers and workers, upon which the operation of the reforms depend, may be undermined by antagonistic industrial relations. Debates concerning the appropriate form of trade union activity in the contemporary workplace have therefore increasingly centred on the merits of new forms of co-operation between employers and unions, relationships which are now commonly referred to as 'partnership' arrangements.

Arguments in support of partnership emphasize how union involvement in management decisions governing company strategy, organizational restructuring and high performance work design is important for providing employees an independent voice in the workplace. In this regard, labour-management partnerships are seen as more likely to generate outcomes that satisfy the needs of management, workers and unions (Appelbaum et al. 2000; Frost 2001; Osterman et al. 2001). This type of union response to organizational change may involve trade unions foregoing their traditions of maintaining local job controls and other constraints against managerial prerogatives. However, in return they may be offered the potential of greater influence at work through participation in joint committees and integrative bargaining over work organization and the economic and financial management of the firm (P.R.Bélanger et al. 2002: 162; Terry 2003).

The more circumspect and critical writers have argued that this trade-off runs the risk of cutting workplace unions adrift from the interests and concerns of their rank and file members through a process of gradual incorporation into management (Danford et al. 2005; Kelly 1996; Taylor and Ramsay 1998). This is a key issue for trade union debates in the UK where labour standards and job controls are rarely governed by formal seniority arrangements but are instead dependent on the strength of shop steward (elected union representatives) organization in the workplace. Moreover, traditionally, this strength has been built upon the close democratic bonds and ties of accountability between stewards and rank and file members. The essence of the partnership critique is that, despite all the difficulties entailed, unions should resist weakening these bonds through working in collaboration with management and instead maintain an assertive independence at work involving opposition and militancy where this is practicable.

There is now a growing body of mostly survey-based work which has measured the impact of high performance work systems and co-operative labour relations systems on firm performance, and to a lesser extent, employee experience (for an excellent review of these, see Godard 2004). However, there has been less research on their impact on union organization at the workplace level, especially in the UK (Kelly 2004). This is surprising given the many challenges faced by trade unions in the context of globalization - a constant buffeting by processes of corporate turbulence, workplace restructuring and capital mobility. This paper helps to redress this gap by providing case study evidence of contrasting union responses to organizational restructuring in the UK aerospace sector. Many aerospace plants can be categorized as exemplars of the high performance work paradigm. They employ large proportions of highly skilled manual and non-manual staff and many have adopted clusters of new management techniques which closely correspond with the principles of high performance work systems (see Danford et al. 2005).

Our case studies also provide evidence of management attempts to develop partnership relationships with trade unions at the workplace level within the broader context of employer demands for continual improvements in labour productivity and flexibility. Contrasting union responses to these initiatives provide an empirical basis

to analyse the form of unionism which partnership presupposes. Heery's (2002) evaluation of the relevance of partnership to strategies for revitalizing British trade unionism highlights a number of different consequences for union activity with implications for the changing responsibilities of shop stewards. For example, if there is a positive agenda for partnership it lies in developing a role for shop stewards in broadening the ambit of union influence over such issues as employment security and employee participation. On the other hand, the proposed shift from adversarial collective bargaining to consultation and joint problem-solving raises the possibility of a weakening of power-based union participation and an inevitable loss of shop steward independence.

The paper provides a critical interrogation of these themes. It first summarizes the recent restructuring of the aerospace industry in the UK along with the impact of this on jobs and union organization in the region where our two case study plants are based. It then provides a summary of the specific nature of organizational restructuring and management policy in the plants, each involving the threat of capital mobility, work transfer and job rationalization, before turning to a more detailed analysis of different workplace union responses. Two patterns of response are outlined, the first based on partnership the second based on opposition. The paper adopts the following analytical framework. What have been the major trends in the capital accumulation strategies of the aerospace firms? How have the new management control systems of the flexible firm impacted on labour utilization and rationalization in the plants and how have these posed new challenges for workplace union organization? Turning to the different union responses, does positive engagement with the employer's overtures to partnership impact in any way on union influence over management? And to what extent does partnership affect the bonds between shop stewards and their members? Do more assertive, oppositional union stances generate different results? Finally, does the traditional form of British shop steward organization, with its focal points of the work group and the plant, in any way constrain the emergence of trans-plant and trans-national union initiatives for challenging the new management strategies?

The UK Aerospace Industry: A Case of Radical Restructuring

The UK aerospace industry is the second largest in the world. In 2005, it had a total turnover of over £29 billion and employed 276,000 workers. Of these, 124,000 were employed directly by aircraft, engine and equipment assemblers with the remainder located in supply chains and sub-contractors. Compared to the rationalized work systems of standardized mass production, the aerospace industry constitutes a site of high value-added engineering, high skill utilization and technological innovation. Over a third of the industry's employees hold a degree-level qualification, many of its production workers and technicians have some form of specialized training and fifteen per cent of the workforce is involved in research and development (SBAC 2006).

The industry has undergone radical change over the past two decades. Catalyzed by the neo-liberal economic reforms of Prime Minister Margaret Thatcher in the 1980s, this change has involved a shift from state ownership and state support to privatization and marketization. Moreover, the structure of the industry has become transformed as suppliers created new international corporate networks whilst the state influenced a degree of international capital concentration by promoting joint programme initiatives in both the defence and civil sectors. During the late 1990s especially, the core aerospace suppliers have established a plethora of joint ventures, strategic alliances and sometimes full mergers with a number of European and USA companies (SBAC 2003).

Since 2001, this complex landscape of capital concentration has consolidated whilst duplicated effort has been subject to rationalization. In addition, under the guise of the mantras of 'enterprise' and 'flexibility', many aerospace employers have reconfigured in the form of 'new flexible firms'. As Ackroyd and Procter (1998) have argued, such manufacturers are now basing their capital accumulation strategies on new systems of financial control and adopting a financially-driven management style. Multi-tasked labour is reorganized into discrete business units and deployed in accountable production cells. Both contribute to flexibility and facilitate the calculation of marginal costs. In this model, core employees in the new flexible firm forego privileged status and job security as they compete with sub-contract labour and alternative suppliers – increasingly on a global basis. Such financial control regimes

are able to monitor the performance of business units and indirectly control workers through the threat of rationalization and downsizing.

The use of sub-contract labour for significant components of the design and production process has a long tradition in the aerospace industry. This is partly a function of product complexity (Prencipe 1997) but also because it provides an instrument for cheapening production costs and weakening trade union membership (Smith 1987). More recently, two factors have contributed to an increase in this practice. The first is the general decline in both local labour standards and trade union influence in UK manufacturing. This has resulted in a weakening - or discarding - of workplace-level agreements that previously served to police the use of sub-contractors (Danford et al. 2003). The second is the internationalization of outsourcing in the industry. Rather than carry out the complete spectrum of tasks in-house, aerospace employers are increasingly seeking to locate the less specialized design and production processes to areas outside of the UK where pools of lower cost skilled labour are available. Moreover, high skill work packages, or even research and development, are becoming subject to outsourcing where such transfers provide employers influence in highly competitive international markets, or where 'off-set' deals are demanded by client nations (Almeida 2001; Danford et al. 2005).

The cumulative impact of these changes on labour and union organization has been considerable. During the last decade, employment in the aerospace manufacturing companies was cut from just under 200,000 to 124,000 as a result of recurrent mass redundancies at many plants throughout the UK (SBAC 2006). South West England, where our two case studies are based, is one of the key global sites of aerospace design and production. Of the eleven largest aerospace firms in the country, nine have major facilities in the region. Over 43,000 people are employed in the industry (House of Commons Trade and Industry Committee 2005). Since the mid-1980s, aerospace workers in the region have experienced incessant organizational downsizing and job loss. For example, through recurrent redundancy programmes, Rolls-Royce sacked 8,000 of its Bristol workforce during this period whilst simultaneously transferring work abroad. Westland Helicopters reduced its Somerset workforce from 8500 in 1987 to 4,000 as a result of organizational restructuring. And British Aerospace

sacked 4,300 workers from its guided weapons design and production plant at Bristol in order to concentrate this activity in other plants. Although in most cases production workers were the most hard-hit group, non-graduate technical staff, administrators and middle management were also severely affected (Danford et al. 2003).

Victimization of union activists was also a feature of this rationalization. Unlike in the USA, where in the unionized manufacturing sector formal seniority systems still dictate the order of layoffs, a tradition of more informal seniority principles in the UK has become victim of the general decline of union influence at the workplace level. As a result, many British employers have reclaimed managerial prerogative over the selection of individuals for redundancy. In the South West, as our earlier survey of patterns of union representation highlighted (Danford et al. 2003), **a** disproportionate number of shop stewards in the manual and non-manual unions lost their jobs. Some stewards took advantage of voluntary redundancy packages but many were subject to compulsion. For example, on the shop-floor, the dominant skilled engineering union (AMICUS-AEEU) lost all of its shop stewards at BAe Systems in Bristol during a 1995 redundancy; in 1992, 75 per cent of its stewards were made redundant at Rolls-Royce in Bristol; and between 1990 and 1995, the union lost 35 of its 38 stewards at a Smiths Industries avionics plant. In the region's technical offices, the leading white collar union (AMICUS-MSF) lost virtually all of its Broad Left activists (a coalition of left wing British Labour Party members and supporters of alternative socialist parties) (Danford et al. 2003). The different unions did succeed in winning financial compensation for some senior stewards by taking victimization claims to industrial tribunals (independent panels that rule on disputes between employers and workers in relation to statutory employment rights).

The effect of job loss on union membership densities in these plants was uneven. A resilient trade union consciousness on the shop-floor ensured that manual union membership densities remained at virtually 100 per cent in every plant. In the technical areas, however, membership densities fell to as low as 20-30 per cent at BAe Systems and Smiths Industries whereas at Rolls-Royce and Westland Helicopters densities remained at around 80 per cent. In the stronger plants, high membership densities and a collective awareness of the need to maintain union

safeguards against arbitrary management actions provided the basis for a remarkable recovery in union activism. Despite the severity of victimization many new shop steward recruits came forward to replace the old. In production areas especially, member-steward ratios had recovered to their pre-redundancy levels by the end of the 1990s.

Two Case Studies of the New Flexible Firm

Case study data were collected from two plants of aerospace multinationals based in South West England. We have given these the pseudonyms of *JetCo* and *Airframes*. The *Airframes* plant was responsible for the design and assembly of helicopters whilst *JetCo* designed and manufactured aero-engines. Both plants were established in the inter-war years and at the time of the research employed around 4000 manual and non-manual workers in R&D, design and manufacturing activity.

The bulk of the data were collected between the spring of 2001 and early 2002. During this time we carried out taped interviews with 142 staff divided more or less equally between the two plants. These included managers, workers and union representatives. In addition, a questionnaire survey collected 878 responses from a sample of 1100 manual and non-manual workers at *Airframes* (an 80 per cent response rate) and 604 responses from a sample of 974 workers at *JetCo* (62 per cent).

In both plants, processes of restructuring involving organizational fragmentation and new forms of flexibility took hold during the late 1980s. At *Airframes*, a previously unitary helicopter design and production division was broken up into three different business units: helicopter assembly, transmissions and structures. The largest of these was responsible for helicopter assembly and was the location of most of the research reported here. The unit underwent further fragmentation when it was reorganized into a basic matrix structure comprising different product and process program directorates along with a separate matrix for R&D and design engineering. Similarly at *JetCo*, a large factory that was previously responsible solely for the design and manufacture of military engines was transformed into a location for twenty one different businesses,

organized as a matrix and each responsible either for a particular engine family, engine market, or production and business process.

Management's objective was to secure improved financial control over every aspect of the business, albeit under the guise of 'managerial decentralization'. In this respect, the business unit matrix structures were introduced primarily to reduce costs, particularly labour costs, by securing greater transparency and unit accountability. Thus, this radical organizational change established a new architecture for 'high performance'. The pressure on staffing levels became manifest in two different ways: at *Airframes* through a form of 'whipsawing', playing off workers in the UK factory against other plants based in Italy, and at *JetCo* through the threat of outsourcing work.

The whipsawing process at *Airframes* materialized in the aftermath of an international merger with an Italian civil aircraft manufacturer in 2004. The merger created a new helicopter division of 10,000 workers. The transparency created by the business unit structure allowed managers in the newly formed multinational to make systematic, unit-based cost comparisons between UK and Italian manufacturing operations. When interviewed, the UK plant's human resources director was candid in explaining management's intention to enter into a Dutch auction on labour costs and to emulate a core-periphery employment strategy adopted by the company's Italian factories. This was based on reducing the core permanent workforce to a realistic minimum and managing fluctuations in labour demand by exploiting temporary employment contracts:

> And by the way it's [the core-periphery model] very much the Italian way of doing business. You get to a sort of core level, which if you like is your minimum core level to retain your expertise and competence and thereafter you manage everything else through outsourcing and temporary labour. That's how they do it, that's how the Italians have managed to get their cost base to the position they have, which has enabled them to be as competitive as they need to be in the civil market. So they will then look over the sea to us and say, why don't you do that then?

Between 2000 and 2002, the number of temporary workers employed at the plant varied considerably. At one point this reached a peak of 750 workers (twenty per cent of the workforce). At the same time, unit managers were coming under increasing pressure to reduce core staffing levels. As one senior union representative commented:

> Certainly management have played one plant off against the other…and certainly production staff have had fired off at them the view that it takes 11,000 hours to build an aircraft in Italy and 16,000 hours here, and therefore we need to improve the productivity of the company.

At *JetCo*, the process of international outsourcing was also facilitated by the organizational changes. In the decades leading up to the 1990s, the use of sub-contract manual labour was mainly restricted to component manufacture and temporary cover for specific skill shortages. Most core manufacturing processes were still performed on site. By 2001, 65 per cent of the plant's manufacturing processes were outsourced. Management's objective was to increase this to 80 per cent of the total manufacturing requirement. Two logics were applied to this outsourcing strategy. The first was termed 'make-buy'. This required differentiating between the most advanced manufacturing processes that required highly specialist skills and technologies and those that could be more easily outsourced if the required skills combined with cheaper labour were available. The second logic was political. In order to secure export orders in increasingly competitive global markets, joint ventures and licensed overseas production become key instruments for gaining influence in these markets. Moreover, the client nations increasingly demand these 'offset' deals to help nurture their indigenous aerospace industries (Almeida 2001). As a result of these pressures, the plant was outsourcing different manufacturing processes to North and South America, Europe, and the Far East, including China. The new business unit structures supported these outsourcing policies by providing greater transparency in operational costs which then exposed the potential for outsourcing different 'low-profit' in-house activities to external contractors. One union representative described how these processes created an environment of continual insecurity:

> As soon as the summer holidays are over, out come the swords, which is basically when the directors of the various businesses, start talking about how much workload they have got next

year. That translates into announcements…about tasks for each business unit and basically how many jobs it will require. And that is when people say, "have I got a job this year?", you know? Unfortunately, you can't just look at the overall workload and say the books are full we must be all right, because the company is always looking for outsourcing or looking at doing things differently. You can still be in a very insecure set up.

Thus in both plants, management strategy bore much resemblance to Ackroyd and Procter's (1998) 'new flexible firm' model. In the interests of continual improvements to labour productivity and labour costs, production processes became rationalized through the use of financial control measures in business unit structures whilst labour itself was rationalized through the threat of downsizing and outsourcing. The different patterns of union responses to these organizational challenges will now be analysed.

Contrasting Union Responses: 'Partnership' and 'Oppositionalist'

Airframes and *JetCo* were both brownfield manufacturing plants with a long history of trade union organization. Manual union membership grew steadily during the years of the rearmament programme leading up to World War Two. Non-manual union organising took hold decades later during the national expansion of white collar unionism in the 1960s. At the time of the research in 2001-02, despite being subject to the sector-wide processes of job loss and union victimization described earlier, trade union membership at both sites was relatively healthy. There were two main trade union bargaining groups per plant and these were dominated by the AMICUS trade union, one of the largest in the UK, which was created from a merger between the AEEU (predominantly skilled manual workers) and MSF (predominantly skilled non-manual workers). On each shop-floor, the majority skilled production workers were represented by AMICUS-AEEU with the remaining semi-skilled groups represented mostly by the TGWU. These joined to form single manual bargaining groups. In the white collar areas technical staff were represented by AMICUS-MSF whilst a much smaller group of administrative staff were members of clerical unions. In both cases these joined to form single non-manual bargaining groups. Manual union membership density at both plants was virtually 100% whilst non-manual densities for AMICUS-MSF were around 80% but lower for the clerical unions.

The form of union organization in the two plants was built upon the traditional work group model which is still characteristic of union relations in many British engineering companies. Examples of work groups on the shop-floor were clusters of production teams, or specialist sections, such as tool-setters. Each would elect their own shop steward. In the non-manual areas, similar patterns of representation were built around different departments and offices. At *Airframes* there was a total of 37 manual shop stewards and 55 non-manual stewards; at *JetCo* there were 48 manual stewards and 39 non-manual stewards. The strength of this form of union organization lies in the high trust relationship between steward and member and the creation of an enduring solidarity *within* work groups aimed at establishing a degree of job control, autonomy and respect on the shop and office floor. The weakness lies in the system's fragmentary nature, or 'sectionalism', in that group solidarity can lead to unnecessary demarcations and rivalries between workers. To some extent, the effects of this local sectionalism were displaced to the plant level by the operation of Joint Shop Stewards Committees (JSSCs). These comprised all shop stewards from the plant sections and departments and were led by senior stewards or 'convenors'. The JSSCs were responsible for co-ordinating steward activity and establishing plant-wide union policies. They also elected small negotiating committees of senior stewards who would meet with senior management negotiators on a regular basis.

At both plants the architecture for collective bargaining and consultation comprised regular joint management-union negotiating sessions over pay and conditions of employment plus different consultation forums for discussing broader strategic issues. The latter comprised single plant-based company councils along with a multi-site UK works council at *Airframes* and a transnational works council at *JetCo* (covering plants in the UK, Germany and North America). The different councils brought together managers and senior stewards to discuss such issues as corporate strategy, future projects and staffing levels. In parallel with these multi-site consultation arrangements, which were effectively led by management, the *JetCo* unions operated their own independent multi-site union forum known as the Combine Committee. This comprised shop steward representatives from nine UK-based *JetCo* sites led by an executive of plant convenors.

In the context of the processes of organizational restructuring and squeeze on head count that we described above, management in both plants became increasingly interested in fostering new co-operative 'partnership-based' relationships with their staff and recognized trade unions in order to legitimize agendas for change and reduce the scope for organized worker resistance. Both adopted a new partnership rhetoric which emphasized 'mutual gain', the principle that if workers and their unions commit themselves to the economic objectives of the firm then the firm should reciprocate by sharing the economic returns with workers, involving workers in decision-making processes and investing to ensure longer term organizational survival (Kochan and Osterman 1994). This became manifest in attempts to foster a new environment of trust and co-operation and it centred on the qualitative nature of the interactions between managers and shop stewards. Essentially, senior managers wished to use the different bargaining and consultation forums to engender a relationship based on consensus; specifically, a consensus over company objectives governing plant profitability and efficiency. As one manager commented:

> I think in simple terms, and we are using this phrase [partnership] within the company, it's working together. It isn't being in an adversarial relationship, though working together doesn't mean that you always see eye to eye. But…behaviour is crucial in this, it's behaving in a way that no matter what the problem is we have to face, and some of the problems can be very difficult, even unpleasant, but whatever difficulties we have to face, what we're looking at is the common goal of ensuring that we have a surviving business going out into time...And that means if we're growing, then we need to enhance the output per employee not employ more people, because that's how life is. And if there's no growth well we need to achieve the same levels of output with a smaller number of people because again that's how life is in terms of being competitive. (*JetCo* HR Director)

These management policies engendered widespread job insecurity based as they were on securing efficiencies by reducing labour costs. Our employee questionnaire surveys found that 71 per cent of shop-floor workers at *JetCo* and 67 per cent at *Airframes* felt insecure in their jobs. The survey data also suggested that management's inclusive rhetoric did not correspond with the experience of the majority of workers in each plant. For example, 88 per cent of these *JetCo* workers and 84 per cent at *Airframes* felt that management believed they were in a separate team to the workforce; 70 and 68 per cent respectively indicated that they were hardly

ever or never consulted on future plans for the factory; and 88 and 86 per cent respectively felt that they were hardly ever or never consulted on staffing issues and redundancies. The corresponding data for the non-manual workers at each plant highlighted similar patterns of negative experience.

Therefore, the different union bargaining groups at the two plants were faced with a multifaceted industrial relations challenge. First, their managers were seeking union approval, better still commitment, to new workplace agendas of rapid organizational change. Second, this required a qualitative relational shift between managers and unions involving the substitution of co-operation for adversarialism and requiring a constructive union proactivity in business discussions. And third, many of their grassroots members had become disaffected from the processes of change. The actual union responses divided into two different camps and both were present in each plant. The manual bargaining group at *Airframes* and non-manual bargaining group at *JetCo* both came to support the partnership approach whilst the non-manual group at *Airframes* and the manual group at *JetCo* each adopted oppositionalist positions. Both types of response will now be evaluated.

The Partnership Response

The non-manual union group at *JetCo* adopted a positive attitude to partnership. The leadership of the group believed that workplace unions were more likely to extract a degree of influence from managers who were prepared to develop partnership relations compared to the barren years of union hostility and decline that marked the previous two decades. They signed a formal partnership agreement with management in 1998. The agreement did not provide management or unions with any guaranteed undertakings. Instead it codified mutual support for the principle that both sides display 'a commitment to work together to achieve certain things and to develop partnership', as the union's senior representative put it. More concretely, different working groups comprising managers and union representatives were formed to discuss such varied issues as improving the operation of teamworking, improving company communications and reducing design lead times. These joint discussions did not constrain management from continuing with job cuts, however, with nearly 1000 redundancies implemented in 1999 and a further 350 in 2001. Indeed, by the time of

the research, many union activists and members in this group became increasingly cynical about partnership as they came to regard management's commitment to 'mutual trust' as somewhat thin. As one union steward observed:

> I think with partnership you require two partners, and whereas from our point of view, and the employees' point of view, if we agree to do something then we continue to agree to do that. Now from management's point of view they have a lot of different influences which change month by month, personnel changes, business changes, etc, and basically I think it is they who have a problem with partnership because they cannot necessarily deliver on what they have promised to do.

Moreover, the discourse of partnership amongst the unions' paid officials and senior stewards seemed to cause a distancing between the rank and file and local union leadership. For example, whilst many union members we interviewed articulated opposition to the company's outsourcing policy, their union officers were more compliant. During one interview the AMICUS-MSF regional full time officer for aerospace argued that the days when the union had the right to control the use of sub-contract labour and outsourcing were 'rightly' over. As he put it, 'greater flexibility is required to allow management to manage workload more effectively'. In this respect his senior representative at the plant told us, 'we've become an agent of change as opposed to an opposer of change'. In this case, therefore, positive engagement with partnership seemed to have neutered any remaining potential to mobilize opposition to management's labour cutting strategies.

A similar pattern was discerned with the other pro-partnership group, the manual unions at *Airframes*. In this case, although the partnership relationship between management and unions was not cemented by any formal agreement the senior stewards were strongly committed to the company's new policy of union participation based on consensus around the needs of the business. The problem here, however, was that the 'needs of the business' often did not coincide with rank and file member interests. Every local steward we interviewed indicated that their members rejected the employer's version of partnership because their managers could not keep to their side of the bargain and could not countenance compromising their perceived 'right to manage'. For example, proposals to alter shift rotas, or overtime distribution, or job

content would be agreed with the senior stewards under the auspices of the partnership and then implemented by line managers irrespective of the views of the manual workforce itself. As a result, clear-cut tensions and divisions developed between the senior stewards and their members, tensions which undermined the bond of trust between worker and the union. A typical worker view was:

> Well we do get the feeling sometimes that [the unions] are in management's pockets. But this is how times change, I mean maybe they have to go along with the management now I don't know...I think it should be more "them and us" but it seems to be more **"them and them"**.

The most damaging example of this emerged during the final period of our fieldwork research. Two weeks before the 2001 Christmas holiday the company announced a raft of job losses at different plants across the UK. However, the case study factory appeared to be spared from this, a development that the plant convenor attributed to his new partnership approach following a number of consultation sessions with management. Early in 2002, the company made a second announcement involving a further 1000 redundancies including 600 job losses at the case study plant. These were mostly manual workers. Despite management's partnership rhetoric – and the new emphasis upon mutuality and trust - the size of the redundancy came as a complete shock to the workforce and unions.

The Oppositionalist Response

The first of the more oppositionalist unions was the non-manual bargaining group at *Airframes*. Compared to the pro-partnership union groups the style of leadership of the non-manual group convenor tended to be more participative. Democratic accountability to the rank and file was regarded as paramount. Although direction and guidance were applied where necessary the overriding principle that governed the social action of the convenor and his lay activists was mass membership involvement through systematic communication and debate through regular workshop meetings, plant-wide meetings, newsletters and emails. The importance of such participative leadership styles for maintaining a robust, independent union organization has been noted by Greene et al. (2000). The group's oppositionalist position was partly a function of this and partly a reflection of the senior stewards' belief that the accommodating rhetoric of partnership in fact obscured management's resistance to

notions of meaningful union participation. For instance, despite his wish for positive dialogue with the company as a means of prioritising the long term job security interests of his members, the non-manual group convenor articulated his intense dissatisfaction with management's attitudes to the union:

> I think there is this bloody arrogance within management that says quite clearly, all the clever people are in management therefore nobody below management level can possibly have anything useful to offer. And if you extrapolate that on to, say, where do unions fit in this then the position is even worse.

As a result, this non-manual union group was more likely than its pro-partnership union counterparts on the shop floor to mount different types of opposition to management policy. For example, a number of design engineers we interviewed described with some enthusiasm an example of their own independent rank and file activity that eventually became incorporated into a more widespread union campaign. In a number of design offices there had developed a pattern of increasing employee discontent around core 'justice at work' issues such as managerial bullying and the imposition of policy without consultation or negotiation with staff. A few months before our fieldwork had begun, like-minded individuals began networking together and decided to draft a shortlist of collective grievances with a view to sending this to the local media. Eventually this snowballed into a broader union campaign involving the whole membership. One of the instigators described this:

> We registered about two or three complaints on management's approach to managing people, imposing flexibility, arrogance, that type of thing. And the union registered a complaint on practically everything and suggested going to the press with the new letter to explain exactly what our board of directors are doing here, or aren't doing here. It was a kind of name and shame exercise, we just couldn't see another way of getting the board to listen.

Senior stewards eventually used the threat of bad company publicity to extract assurances from management that each grievance would be considered and resolved through formal union negotiations..

The second of the oppositionalist union groups was the manual bargaining group at *JetCo*. These manual unions adopted a policy of outright opposition to partnership.

This position was based partly on the activists' lived experience of the inherent conflicts of interest that are inherent to the dynamics of capitalist enterprise and also scepticism towards the possibility that a new, more inclusive management might render workplace conflict redundant. Quite often this was attributed to a perception that management displayed a lack of trust when dealing with unions, particularly in the context of job cuts. As one steward caustically observed:

> How can you have a partnership when you have been told that you are never going to be guaranteed a job, you could be sacked at any time I decide, but I want you to be a partnership?

Indeed, the feeling of job insecurity was a factor that mediated many workers' attitudes to partnership. Our worker interviews highlighted how job insecurity can engender a number of manifest contradictions within partnership's rhetoric of enterprise competitiveness and survival. These workers came to realize that the notion of 'survival' was not necessarily inclusive of every participant covered by a partnership arrangement. In other words, employers' continual demands for high performance in the form of profit maximization and cost cutting meant that 'mutual gains' outcomes were highly unlikely. The following comment from a manual worker typified this feeling:

> You have got a situation here where on the one hand, people are driven for more and more and more profit and on the other, the only way this company knows how to make more and more profit is to get rid of them, the people. Therefore I don't see how partnership can work. It's a very nice idea, I would love it to be able to work, but I cannot see how it can. And I think the company have said their interested in it because it sounds nice, it sounds "pally", but they don't want to do it.

The unions' oppositionalist stance was not solely based on a negative reaction to partnership, however. It was also a consequence of a form of workplace unionism that was based on highly participative rank and file activity. This involved systematic two way communication between members and activists and open rank and file participation which involved processes of education and politicization about the source of workplace problems and grievances. One senior steward described this:

> We hold sectional meetings to make decisions so everyone's involved and then if it goes
> beyond the section we have mass meetings throughout whenever the employer wants
> something. So we can sit in front of the employer and say, "we are not in a position of
> authority to agree to that demand until we go back and discuss this with our members." And
> they bloody hate it because a mass meeting is a strike without a ballot...and we constantly,
> continually have meetings. And at the meetings we always bring in the *politics* of any
> managerial change, of why they want this change. It is not simply because of the "business
> need" it is about this management ideology that underpins it.

A sectional response to the threat of work transfer provided an example of this oppositionalism during the period of the research. In late 2000, *JetCo* management took the unusual step of expending considerable time in trying to persuade local shop stewards from the plant's engine test area to accept the outsourcing of some core work packages in return for bringing in some alternative test work. By May 2001, they had still not reached agreement so management attempted to unilaterally impose the change by bringing in external engineers to audit equipment, take photographs and begin planning the work transfer. On the day of their arrival over 200 engine test workers walked off the job and barricaded the entrance to the facility. This resulted in a stand-off which culminated in management having to withdraw the engineers and cancel its outsourcing plans in this case.

Capital Mobility and the Limits of Union Strategy

Our comparison of the two types of union response to the managerial imperatives of the 'new flexible firm' highlights the advantages of opposition over partnership. Although their bargaining and organizing agendas were mostly reactive and at most, only partly secured, the oppositionalist unions did succeed in sustaining dynamic and participative workplace union activity in the face of acute challenges from the employers. By contrast, the partnership approach was undermined by the inability of managers to live up to the participative rhetoric of partnership and by the objection of many rank and file members to the incorporation of their leading stewards into management.

Nevertheless, the longer term prospects of oppositionalism can be impaired by the organizational limitations of the UK shop steward system. As we noted earlier, its strength lies in the creation of powerful group-based solidarities based within

manufacturing plants. However, the 'sectionalist' nature of this form of union organization means that union strategies in workplaces such as *Airframes* and *JetCo* are likely to remain delimited within the confines of the plant. In other words, the power of the group may extend to all fellow workers in a single workplace but solidarity is rarely extended to workers in other plants who may be increasingly regarded as competitors rather than comrades. This reflects what Beynon (1974, 108) once described as a 'factory class consciousness', an ideology where power, class and struggle are kept within the factory gates. But in aerospace (and many other industrial sectors), the threat to jobs and union organization does not reside solely within particular plants but is also an outcome of multinational corporate strategies seeking the global transfer of work packages. As our case studies showed, whilst the institutional form of aerospace capital appeared fragmented at the plant level (through the growth of profit centres and business units), this both masked and facilitated a more unitary strategic process of international capital mobility. The implication for the different workplace unions is that without the requisite cultural tradition and material resources to tap into sources of transnational solidarity - or even inter-plant solidarity at the national level – attempts to mount effective and sustainable opposition to the labour-shedding processes of globalization will inevitably founder.

At *Airframes* for instance, the unions were able to mount very little effective opposition to management's downsizing strategies by forming alliances with other UK plants or with their union colleagues at sister plants in Italy. One reason for this was management's resistance to the notion of allowing UK and Italian trade unionists to sit down together on formal transnational committees (although the UK government's adoption of the EU's European Works Council Directive will eventually make this inevitable). The preferred company policy was 'one board and two separate union organizations' as one activist described it. Senior representatives at the case study plant did maintain email contact with their Italian counterparts and they were increasingly putting pressure on management to introduce a European Works Council. However, despite the reality of labour rationalization across many different plants in the company and the logic of constructing the means for securing cross-plant solidarity, this did not seem to be a strategic priority. Instead, the

dominant tradition of 'localism' held sway and it offered little more than plant-based negotiations on redundancy terms.

At *JetCo*, an inchoate architecture for potential union co-operation did exist in the form of the transnational works council (covering its British, North American and German plants). But as an institution that operated under the auspices of the company, with company funds, resources and facilities, it followed management-determined agendas governing employment policies and corporate strategy. Interviews with different senior stewards at the *JetCo* plant revealed that no real attempts had been made to construct cohesive trans-plant union policies or to develop alternative independent networks for union activists. At the national level, a well developed and independent inter-site forum did exist in the form of the Combine Committee. This comprised shop steward and senior steward representatives from nine UK-based *JetCo* sites led by an executive of plant convenors. However, the different stewards we interviewed felt that the unifying potential of this committee was undermined by problems of resourcing and extant sectionalism. The history of the committee was one marked by opposition from the union bureaucracies which tended to regard it as a rank and file challenge to the power of professional full-time officials and the national leadership. As a result, although the combine was now 'tolerated' the AMICUS-AEEU bureaucracy still refused to provide financial or other material support. A clear picture also emerged of debilitating divisions on the committee underpinned by two forms of sectionalism. The first was *plant sectionalism*. Here, the formal process of joint discussions over inter-site strategy masked a reality characterized by the systemic defence of short-term site interests and locally determined settlements irrespective of combine committee priorities and agreements. The second was *political sectionalism*. In this case, any attempt to establish a common strategic position on negotiations with the company was undermined by intractable divisions between groups belonging to left wing and right wing factions. One section convenor described a 'tremendous dynamic of opposing political views' and one where activist groups were in constant opposition to executive members who were regarded as 'collaborationists'.

There is a very recent example of the debilitating ramifications of this institutionalized 'factory class consciousness'. In August 2005, the *JetCo* management at our case study plant sacked a senior shop steward who was based in the 'oppositionalist' manual bargaining group. Two months earlier the steward had led a spontaneous unofficial strike of 200 workers from his group in defence of two members who were dismissed for being found asleep on the nightshift. In the face of this opposition management initially backed down and reinstated the workers. However, it then decided to sack the senior steward for organizing an unlawful strike that had not been sanctioned by a postal ballot (which is a requirement of UK employment law). In reality, this incident was a mere catalyst for the victimization of a senior union activist who had taken a leading role in opposing management's outsourcing policies. Although he was supported by a two week strike of union members in his group - and two plant-wide walkouts - a broader campaign for his reinstatement was fatally undermined by a lack of meaningful solidarity action from union resources outside the plant. The union bureaucracy showed little interest in mobilizing action at other *JetCo* plants (or elsewhere in the sector) and was solely concerned with securing an acceptable severance payment. At the same time, the national and international committees lacked the means, purpose or apparatus to offer anything other than verbal messages of support. As a result, in the face of company intransigence the plant-based strike action was eventually called off and the steward remained sacked.

Discussion and Conclusion

The two case study firms were both typical examples of the UK's high-skill aerospace sector. Over a number of years, both had rationalized and ostensibly decentralized their organizational structures in a way that reflected the dominance of the 'new flexible firm' in British manufacturing industry (Ackroyd and Procter 1998). The division of these plants into a complex pattern of different business units constituted the corporate architecture for new methods of financial control and accountability of plant management. This was accompanied by the emergence of a management style that prioritized continuous improvement in cost control and financial results. If they were to survive in highly competitive global markets both firms had to achieve high

performance in profitability and cost control whilst providing transparent evidence of this to their corporate HQs.

To varying degrees, both firms also adopted the labour rationalization strategies that are now characteristic of the management of 'high performance' in large UK manufacturing enterprises. Policies involving 'delayering' and 'downsizing', with the inevitable periodic cuts in staffing levels, have resulted partly from extant 'hire and fire' mentalities that still characterize British management conventions. Such policies are also a function of the cost-saving imperatives of organizational restructuring in the aerospace sector, for example, in the form of joint ventures, mergers, outsourcing and the exploitation of a more casualized temporary labour. These processes were at play in both case study plants although the specific threats to labour and union organization varied. In the case of *Airframes*, management took advantage of a recent international merger with an Italian MNC to deploy a form of the 'whipsawing' tactic commonly adopted in the USA's automotive sector (Milkman 1997). In this case, UK workers were threatened with both job loss and compulsory job substitution by temporary workers unless they were prepared to accept low cost labour utilization models used in the Italian plants. In the case of *JetCo*, workers were confronted with international outsourcing strategies that threatened to undermine the longer term viability of their core job functions and skills.

Management at both plants attempted to implement a radical shift in their approaches to industrial relations by adopting the rhetoric of partnership with their trade unions. This was not surprising given the predominance of the partnership concept in national public policy discussions about the role of trade unions in the British economy and given management's specific need to legitimize agendas for change that were already generating widespread staff dissatisfaction. That the four different bargaining groups at the plants divided on the basis of two contradictory forms of union response, support or opposition to partnership, was partly a function of the different policy orientations of the senior stewards in each group. In the case of the pro-partnership union groups, the senior stewards believed that positive engagement constituted the only means of clawing back a degree of power and influence in the context of two decades of union decline in British society. For the oppositionalists, co-operative

engagement with management was a strategy that could not be countenanced since it was seen to breach the principle that union activists should be primarily accountable to rank and file members and their interests.

The pro-partnership union groups encountered very similar sets of tensions and contradictions. In both plants, management could not match the 'democratic' rhetoric of partnership with concrete practice. Despite the existence of the necessary institutional arrangements for union and employee participation, most managers could not forego their cherished prerogatives and perceived 'right to manage'. Moreover, many line managers, who were subject to daily pressures to maintain production and reduce costs above all else, inevitably came to regard their staff as mere units of labour rather than 'stakeholders' in the enterprise. In this context, the partnership approach provided no tangible benefit to the senior stewards whilst at the same time rank and file union members became increasingly alienated from the union itself. By contrast, although the oppositionalist groups could not generate sufficient power or influence to mark out and implement independent union agendas they were more successful in placing crucial constraints against arbitrary management decisions. In addition, the logic of oppositionalism was based on rank and file debate and participation and this approach generated greater success in maintaining vibrant and dynamic workplace union organizations.

Conclusion

The case studies highlighted serious limitations to the longer term viability of plant-based strategies of union opposition. With the huge loss of union activists and members in the aerospace sector, and the climate of fear that inevitably accompanied this, it is in some respects remarkable that so many workplace unions, including the case study organizations, have been able to rebuild their shop steward organization and maintain high membership densities. This is, in part, testament to the resilience of a powerful trade union consciousness in the industry. It is also testament to the durability of a characteristic group solidarity on the shop-floor that defines the traditions of 'localism' in trade union relations within British engineering.

This very localism, or plant-based outlook, however, increasingly places constraints against the development of effective union strategies to counter international 'whipsawing' and outsourcing. On the one hand, the case studies demonstrated not just the irrelevance of partnership as a localized union strategy to counter or influence such corporate power but also the inherent dangers of union incorporation though partnership's seductive rhetoric. On the other hand, militant opposition, whilst isolated within the conventions of 'localism', will be limited to securing, at best, a partial and transient defence of jobs and plant-based labour standards. A more positive scenario would require local unions to develop a new culture of inter-plant and transnational union solidarity. This would require policies and resources to foster *independent* union activity within renewed institutions of inter-union engagement free from the manipulation of employers. Such policies would also depend upon the proactive support of the relevant union bureaucracies.

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