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Strategy and Trade Union Effectiveness in a Neo-liberal Environment

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Abstract

In the absence of state sponsorship, unions must become more effective in the workplace or suffer the inevitable consequences. The analysis of union strategy and effectiveness, however, presents special difficulties. We adopt a strategic choice perspective, defining strategy as a framework of critical, enacted choices about the ends and means of an organization. For unions in a neo-liberal context, this means that strategy can be described in terms of the nexus between two complex dimensions: union–worker relations and union–employer relations. On this basis, we identify four broad patterns of union strategic choice in the New Zealand environment: classic, paper tiger, consultancy, and partnership unionism. Those patterns in which union – worker relations rely on 'servicing' are seen as fatally flawed at worst, and strategically vulnerable at best. On the other hand, those patterns in which union–worker relations are more securely based on servicing complemented with robust forms of organization also contain strategic tensions. These must be managed carefully if unions are to become more effective. While illustrated with New Zealand case studies, this framework provides lines of analysis for the strategic review of unions in neo-liberal contexts more generally.

1. Introduction

Despite 100 years of theoretical discourse since the Webbs first published *Industrial Democracy*, with its landmark analysis of trade union structure and functions, the notion of trade union *strategy* is still in its infancy. In what sense can we talk about the strategy of a trade union? And what connections can we make between a union's strategy and its effectiveness? The objective of this article is to provide a framework for answering these questions in the kind of neo-liberal environment that unions increasingly face. On a practical

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level, such analysis is very important. In those nations where the state offers diminishing support to trade union activities or is fundamentally antagonistic, the strategic choices made by unions are thrown into sharper relief. The consequences of strategic mismanagement are more severe.

New Zealand, whose pioneering adoption of compulsory arbitration, in 1894, the Webbs found so instructive (e.g. 1902: xxxvi–l, 814–15), has again become a case of some international significance. Prior to the Employment Contracts Act 1991 (ECA), the Labour government (1984–90) repealed compulsory arbitration, attempting to diminish centralized wage-fixing and restructure bargaining along industry or enterprise lines. Despite the obvious opportunity to base its economic restructuring programme on a corporatist footing, Labour did not enter into an Australian-style accord with the union movement. Under a National Party government (1990–), the Employment Contracts Act has accelerated decentralization while removing most statutory supports for collective bargaining (apart from minimal access rights and the right to strike in single-employer negotiations). Those unions that had largely depended on state sponsorship found themselves faced, at the very least, with financial stringency and redundancies among full-time officials (Oxenbridge 1996). Between 1991 and 1996, union density in New Zealand fell from approximately 50 to 25 per cent of wage and salary earners (Boxall 1997: 27).

We interpret this environment as neo-liberal in two senses. First, it is one in which the state no longer underwrites union survival, and in which alternative governments are unlikely to restore all that unions have lost. The state has 'foreclosed' on certain strategic options for trade unions. Second, it is an environment in which leading managers and the state share a common ideology: neither envisages a significant role for trade unions in macroeconomic management, on the one hand, and workplace governance, on the other (cf. Crouch 1982: 201). In this context, union effectiveness depends on the strategic choices unions make in respect of *worker* and *employer* relations. The emphasis of this article, then, is on the choices facing unions when they must rely on industrial strategy unsupported by corporatism or political sponsorship. Where a neo-liberal environment prevails, unions must survive in the workplace: their 'world' is one of decentralized bargaining with and within firms.

We begin with an outline of the concepts and assumptions associated with applying the 'strategic choice' perspective to the analysis of union strategy. We then examine the two principal dimensions of strategic choice for a union in a neo-liberal environment: worker relations and employer relations. Using New Zealand fieldwork, we describe and illustrate four broad patterns of strategic choice based on the *nexus* between worker and employer relations. The paper concludes with observations about the strategic management of New Zealand unions and the theory of union strategy more generally.

2. Basic concepts and assumptions

This section of the paper outlines the basic concepts and assumptions necessary for an analysis of trade union strategy.

Strategy and Strategy-making

The questions 'What is strategy?' and 'How is strategy formed?' do not receive a consistent answer in the business management literature (Whittington 1993: 1–2). There is, however, strong support for the 'strategic choice' perspective which has important implications for how we understand both the content and process of strategic management. This perspective involves defining strategy as a framework of critical choices about the ends and means of an organization (Child 1972; 1997). Choices are critical when they play a decisive role in the success or failure of the organization (see e.g. Johnson and Scholes 1993; Pennings 1985; Rumelt *et al.* 1994). Besides 'make-or-break' decisions, choices are also critical when they account for significant variations in the performance of basically viable organizations.

Such a definition means that strategy is distinguished from the process of formal strategic planning (Gardner 1989). Strategy exists even when strategic planning does not. Research and debate in industrial relations often fails to make this important distinction. It is a mistake to assume that unions will be more effective if they adopt what are perceived as business-style strategic planning processes. Unions become more effective only if they conceive and enact more effective strategies. (For the same argument in respect of firms, see Barney 1991; Porter 1996). Planning may play a role in this, but so too will political debate and compromise (Child 1972, 1997), both through and behind the official structure of union meetings, as well as the direct actions of officials and groups of members in their spheres of influence.

Environmental Variability

It is important to acknowledge that the *extent* of strategic choice is variable. In the management literature, it is accepted wisdom that firms in some industries and industry segments are much more constrained by the prevailing forces of industry competition than are others (Nelson 1991; Porter 1980, 1985). The same is true for trade unions. In those contexts where workers readily act in collective ways and where employers can, and will, reach accommodations, unions are best described as 'strategic actors' (Lange *et al.* 1982: 218), implying an extensive realm of strategic choice. Unions that fail in these circumstances are largely the architects of their own downfall and are likely to be replaced by other unions or new expressions of the work-force's latent collectivism. On the other hand, a union restricted to organizing workers in the secondary labour market among hostile employers faces a much less favourable environment. It may still be possible to

survive, perhaps through efficient organization on a few large sites, but some objectives, such as organizing low-skilled, vulnerable groups of workers on small sites, may simply be unattainable in the absence of explicit state support.

Locus and Quality of Leadership

A key part of Child's (1972: 13–16, 1997: 51) conception of strategic choice theory is the emphasis on the role of leading power-holders, the 'dominant coalition', in selecting courses of action. Much of the management literature focuses on how the chief executive develops a 'strategic agenda' in association with other key actors on the board and within the management hierarchy (see e.g. Kotter 1982: 60–7). The CEO is entrusted with special leadership responsibilities in relation to the process of strategic management. What Child (1997: 63) calls 'conditions of crisis' may destabilize a dominant coalition. The consistent failure of a CEO to ensure acceptable firm performance will typically lead to dismissal, a decision that may originate within the board or be forced by takeover or merger. Sackings of chief executives are commonplace and often signal a commitment to strategic change or 'organizational turnaround' (Whittington 1993: 122).

In contrast, the locus of leadership is more difficult to identify in a union. While unions emerged as voluntary associations of workers who saw some benefit in acting collectively, their historical successes, and consequent institutionalization, have brought about a complicated leadership situation. In Child *et al.*'s (1973: 77) terms, unions often exhibit conflict between the 'administrative rationality' of an efficient bureaucracy and the 'representative rationality' of an organization of volunteers. As they grow in size, unions inevitably develop an administrative structure and, thus, experience an ongoing tension between democratic decision-making, to which they are constitutionally committed, and hierarchical control, to which they are practically disposed. Some unions, most of the time, and most unions, some of the time, appear as official-led organizations in which members consume a standard diet of services in exchange for their subscriptions (see e.g. Fiorito *et al.* 1993; Strauss 1991). The officials of these unions may decide that this model, increasingly referred to as the 'service' or 'servicing' model of trade unions, is inadequate and seek to embrace the 'organizing' model or 'empower' the members. Such a strategic choice appears as a decision taken by the elite of full-time and elected officials, much as might be expected in a corporation. However, one must allow for the case where the members themselves seek to shift the implicit model of union behaviour, where *they* lead their officials into a more grass-roots, shopfloor-driven style of unionism. As Turnbull (1988: 113) puts it, 'trade union structure and behaviour involves a *two-way* process of internal control'. At various junctures, it is possible to find full-time and/or lay officials pulling in one direction and strong groups of members in another, albeit within a context of

long-term interdependence (Crouch 1982: 187–9). It is also possible that active groups of members give a union sufficient credibility in the eyes of employers and other workers that incompetence on the part of some, if not most, of their officials is rendered less costly to the union while still remaining an intractable problem. The extent to which unions tolerate poor leadership may, in fact, constitute the starkest contrast with business styles of governance. Any interpretation of strategic choice in trade unions, then, must recognize the various levels at which leadership may occur and the conflicts it may entail (Crouch 1982). In all unions, there is a 'politics of leadership' which requires sensitive analysis if strategic decision-making is to be understood.

Union Effectiveness

While there is debate over the extent to which union movements articulate working-class solidarity and enlarge class consciousness (Hyman 1989, 1994; Offe and Wiesenthal 1980), most research observes that the primary needs of workers centre around such fundamental concerns as better pay and conditions, increased influence over what *they* regard as relevant workplace decisions, and protection against arbitrary management action (see e.g. Freeman 1995; Guest 1995; Kochan *et al.* 1986; Wheeler and McClendon 1991). Regardless of whether or not workers are instrumentally and/or ideologically motivated, we take the view that unions are effective when they meet the expectations of their members in respect of equitable outcomes in these areas. Meeting these ends, however, depends on much more than knowing about them. It depends on effective management of the primary or critical *means* of a union: its mode of engagement with employers. It is plainly true that a union can satisfy worker needs in a neo-liberal environment only through a successful engagement with employers. Putting the point negatively, a union that understands worker needs, but can't shift employer behaviour, is ineffective.

While this is the general position taken in this article, we must not make the mistake of assuming that jobs, and worker interests, are static. Notions of union effectiveness must increasingly recognize the problem of knowledge escalation in advanced capitalist societies. Workers, along with firms, may experience 'Schumpeterian shocks' (Barney 1991: 103; Schumpeter 1950): dramatic changes in their environment which mean that their interest shifts from regulation of their traditional jobs to one of acquiring the knowledge and skills to undertake substantially new jobs. Unions, therefore, which pursue *only* short-term, job-protective responses to industrial restructuring and technological change may undermine the long-term interests of their members. It is better if unions, as Streeck (1989, 1992) argues, play a role in sponsoring strong skill formation which is not dominated by excessively pragmatic, short-term employer needs.

3. Dimensions of strategic choice in a neo-liberal environment

Union effectiveness in a neo-liberal context, then, is shaped by critical choices in respect of worker and employer relations. Two points must, however, be re-emphasized. First, union choices in respect of state relations are not considered in this analysis. A more comprehensive theory of union strategy would seek to explain strategic choices in relation to workers, firms, the state, political parties and others across a range of contexts (see e.g. Crouch 1982: 190–220). Second, our emphasis is on the most fundamental of choices in the current context. These choices 'set off waves of lesser decisions' (Hickson *et al.* 1986: 28) which are not fully elaborated here. The analysis is concerned with strategic choice, not with an exhaustive theory of union management. We acknowledge, however, that union effectiveness may be compromised by poor financial management and administrative systems, the responsibility for which lies in the hands of appointed and elected officials. At the extreme, the viability of a union may be undermined by incompetence of this kind.

Worker Relations

There is growing enthusiasm for the view that a critical choice in worker relations is somehow associated with the distinction between the servicing and organizing models noted above (see e.g. Fiorito *et al.* 1995; Gooding and Reeve 1993; Hyman 1994). In the servicing model, workers are seen as consumers of such union services as advocacy in collective disputes and individual grievances, legal advice and a range of non-industrial benefits (e.g. discounted insurance and travel). The union's elected and appointed officials are the providers of these services, and their performance is judged by members in a kind of arm's-length, calculative manner (Child *et al.* 1973: 75). The unions is 'them', not 'us'. A union whose culture is entirely based on servicing is not a threat to employers in the workplace except in so far as it may contest some decisions, such as an individual dismissal, on legal grounds. In contrast, a union successfully built on organizing can more readily be described as a 'living collectivity' (Hyman 1989: 179): the membership understands itself as a union, not as a detached body of consumers. The union is 'us', not 'them'. In its strongest forms, members are 'staunch', and 'scabbing' is despised—sometimes, in small communities, for generations. This kind of unionization is usually perceived as a threat to employers because it can challenge the control of management in the workplace and impose sanctions that undermine the viability of the firm.

The distinction drawn between these two models by some contemporary commentators, however, is too black-and-white. It is wrong to propose a simple dichotomy between servicing and organizing models because all unions maintain some member services which do not depend on continuous organizing. Given this reality, unions are faced with a range of options for organizing which *complement* their servicing activities. One way unions may

complement servicing, for example, is through building a network of influential activists, members who are regularly invited to take part in negotiations, joint working parties and so on. A second possibility is associated with fostering strong segments or cells of workers. These members, in effect, constitute 'pockets of effectiveness'. Their propensity to act collectively on a regular basis gives the union a broader reputation for activism than it actually merits. A third form of organizing presupposes the presence of activists and/or cells but adds the propensity to mobilize the total membership around key issues, generating critical episodes of mass organization. As Fosh (1993: 580) puts it, 'During a surge of participation, a significant proportion of the members shift from an attitude of leaving it to others to one of assuming their share of the group action as their latent workplace solidarity emerges.'

In terms of our argument, unions that exhibit 'surges of participation', when it counts, win greater respect from both employers and workers. A union with a track record of collective action at critical junctures creates, at the least, a useful element of uncertainty in the minds of employers. What are the consequences of not taking the union seriously? Will the union inflict damage on the firm's current operations, its ability to plan future operations and its reputation in product and labour markets? The presence of business risks creates a strong incentive to treat the union seriously. On the worker side, the union demonstrates its preparedness to dispute with management when important interests are threatened, a test it must pass to retain its credibility with members. A fourth possibility is associated with a staunch work-force fighting an unceasing battle over management control, engaged in Fox's (1974: 310–13) 'continuous challenge' pattern. This, however, has become rare, an unlikely pole at the end of the organizing scale.

The key point, then, is that a simple contrast between servicing and organizing is unhelpful. To be sure, the union that relies exclusively on servicing, that has no network of activism and no record of mobilization, is always vulnerable to an employer who is prepared to call its bluff. This does not, however, demean the importance of successful provision of certain services to *individual* members, particularly those that counter arbitrary management actions (Terry 1994). Nor does building an organizing ethos imply total readiness to respond on all issues. More realistically, it suggests a range of options from relatively weak kinds of selective activism to relatively strong forms of mass mobilization at critical junctures.

Employer Relations

If anything, the situation is more complex when we analyse employer relations. On one level, it can be argued that unions face a strategic choice between a limited engagement framed around collective bargaining and a more extensive engagement which incorporates bargaining but goes beyond it to include consultation, joint problem-solving and other forms of

participative management including, potentially, highly formalized, European structures of co-determination (Crouch 1982).

Again, however, the choice is not simply dichotomous—in this case between 'adversarial' and 'co-operative' relations, as popularly understood. Any form of sustainable engagement with an employer in a capitalist system involves some form of co-operation and carries the risk of incorporation (see e.g. Craft 1991; Hyman 1989; Kochan *et al.* 1986). Unless destruction of the other party is desired, distributive bargaining must work within the 'long-term limits' of 'interdependency' (Walton and McKersie 1965: 19). Some unions, however, choose to go no further than they must to secure the best contract they can, assiduously avoiding identification with any employer decision, such as radical work reorganization, which could subsequently prove unpopular with members. Within this traditionally safe 'choice structure', at least two options arise: stronger unions may expand the *scope* of collective bargaining when economic upswings make this possible, and the most powerful may choose to engage in forms of unilateral control when the economic and political context of the firm provides the opportunity.

Other unions, however, adopt an approach that involves classical bargaining while simultaneously exploring the possibilities of 'concertation' (Crouch 1982: 109–17) or closer integration with the employer's business. Within such a choice structure, there is, again, a range of options. One strategy simply involves the union's officials in a kind of 'attitudinal structuring' (Walton and McKersie 1965: 184–280) where they indicate their awareness of the new competitive realities and offer their ideological support on the shop-floor, perhaps within the framework of various 'moderate' policies or 'new style agreements' (Kelly 1996: 86). This can, of course, backfire if officials mis-perceive and misrepresent the mood of members on key issues, complicating labour management rather than enhancing it. A more robustly participative option involves the pursuit of joint working parties on matters of personnel policy, such as occupational health and safety, job evaluation and performance appraisal. Such forums cannot simply be dominated by officials: they rely, at the least, on selected activists whose workplace knowledge is essential to their effectiveness. A third option involves seeking to raise the level of participation to that of the firm's 'strategic activities' (Kochan *et al.* 1986: 15–18), such as business portfolio choices and plant location decisions. This choice structure, of course, carries heightened risks of incorporation (Terry 1994). Non-traditional forms of participation must be approached very carefully, recognizing the fact that the union that seeks to become integral to the employer's strategy-making process must avoid losing its identity as the *independent* voice of workers.

The most visible contemporary movement in New Zealand towards more co-operative relations is called 'workplace reform', a term first used in the Australian union movement (Curtain *et al.* 1992: 7) and now officially advocated by the New Zealand Council of Trade Unions (Douglas 1993;

NZCTU 1992). It is a policy that differs from that of the NZCTU's private-sector predecessor, the Federation of Labour, which favoured increases in the scope of collective bargaining when industrial democracy was publicly debated in the 1970s (Trott 1978). The concept, however, is controversial within the broader union movement. Some unions, such as the Manufacturing and Construction Workers Union (*c.* 3000 members), are opposed to workplace reform, seeing it as a dangerous identification with employer interests. Clarke (1992: 8), the secretary of the MCWU, comments that:

> Workplace reform is not about making unions more relevant. Workplace reform is about securing the position of union officials in the scheme of things but taking away what little power workers have and giving it to the employer . . . By accepting the 'workplace reform' package workers commit themselves, usually in their employment contract, to accepting totally management's perspective and goals.

Unions led by officials who hold these views, and who criticize the NZCTU for failing to oppose forcefully the introduction of the ECA, have formed an alternative peak organization, the Trade Union Federation (TUF). In 1995 TUF commenced a campaign called 'Just Jobs, Just Wages'—on one level, simply a wages campaign, but on another, an ideological initiative opposed to workplace reform.

In summary, then, we must acknowledge the complexity of contemporary strategic choice for unions in employer relations. This has been typified here as two basic choice structures and an array of options within them.

4. Patterns of strategic choice

As for management strategy in employment relations (Osterman 1987; Purcell and Ahlstrand 1994), it is possible to identify certain broad patterns of strategic choice when analysing trade union strategy in a neo-liberal environment. Unlike Heery and Kelly's (1994) analysis, which examines three types of union–member relations, our patterns are based on the *nexus* between worker relations and employer relations. Union strategy cannot be encapsulated by descriptions of just one, rather than both, of these critical dimensions. Unions are effective only when they secure *for* workers the improvements they seek *from* employers. An effective nexus in our terms is akin to Willman and Cave's (1994: 399) notion of a 'serviceable job territory': 'on the one hand a set of opportunities for membership growth and retention, and on the other a set of opportunities for employer recognition and bargaining'. A union 'must appeal to both sets of interests' if it seeks 'the *virtuous cycle* of [employer] recognition and high membership levels' (Willman 1989: 263; emphasis added). However, the implication that unions can be understood exclusively in servicing or marketing terms should be resisted (as argued in our discussion of the dimension of union–worker relations).

Three caveats must be added. First, this framework does not imply that all unions fall neatly into one pattern. Employers vary in the styles they apply to a diverse work-force and vary in the consistency with which they apply any particular style to any group (Hyman 1987). The same is true for unions. Unions in which officials have pursued amalgamations of diverse worker groups, or which have simply grown very large and, thus, spread across a range of employers, inevitably demonstrate mixed patterns of strategic choice. Understanding strategic plurality in diverse or large unions depends, however, on some conception of the basic types of strategy that unions may pursue. Second, as already implied, typologies should not be developed in a way that suggests simple, dichotomous choices between discrete categories. On the contrary, the dimensions of strategic choice are typically complex and subtle. Acknowledging this factor, we prefer to talk of 'choice structures'. Third, the unit of analysis here is the *individual* union. There are, of course, implications for the labour movement as a whole, but the analysis is grounded in an assumption of significant diversity among individual unions which must be dealt with before macro-level assessments can be made.

FIGURE 1
Four patterns of trade union strategic choice in New Zealand

Classic unionism	**Partnership unionism**
• Worker relations: servicing plus solid organizing • Employer relations: robust adversarialism, no incorporation	• Worker relations: servicing plus solid organizing • Employer relations: credible adversarialism with extensive co-operative practices
Paper tiger unionism	**Consultancy unionism**
• Worker relations: servicing only • Employer relations: formalistic adversarialism	• Worker relations: mostly servicing, limited organizing • Employer relations: routine adversarialism with some co-operative practices

Relating the dimensions of worker and employer relations to our fieldwork has led to identification of four broad patterns of union strategy in the New Zealand environment: 'classic unionism', 'paper tiger' unionism, 'consultancy' unionism and 'partnership' unionism (Figure 1). In this section and the next, we illustrate the argument with examples drawn from our research over the period since 1991. In 1992, within 12 months of the Employment Contracts Act's inception, we interviewed union officials in approximately 20 of New Zealand's 60 or so unions but covering some 55 per cent of total union membership. Since 1992 we have continued a programme of interviewing union officials, but the longer time-frame has enabled us to complement interviews with an examination of such union documents as journals, membership surveys and strategic plans. These documents have carried union debates over strategic choices and provided evidence of

espoused strategy. In addition, we have maintained a file of publicly reported 'strategic events' such as major disputes, bankruptcies and amalgamations which has testified to strategy-in-action. Finally, personal participation as elected or full-time officials in public sector unions, both before and after the Employment Contracts Act, has enabled us to take part in the wider debate over union survival since 1991 and to gauge the gap between espoused and realized strategy in our own unions.

Classic Unionism

This is the style most associated with the historical rise of work-force struggle for improved conditions. It depends on a conjunction of classical choices. On the worker side, classic unions are not simply organizations of consumers: they pose a threat to employers through activism and mobilization. They are not necessarily large and they tend not to favour amalgamations that carry the risk of dilution or loss of identity. Their strength derives from workplace solidarity, from a close community of interest among workers who are central to the labour process of the firm. The approach to the employer is vigorously oppositional: the engagement does not extend beyond the traditional wage–work bargain, although an intensive amount of job regulation may occur. In New Zealand's industrial history, this style has been associated with such private-sector unions as meat workers, brewery workers, miners, seafarers, waterside workers and manufacturing maintenance trades. These unions either opposed the arbitration system or regarded it in very ambivalent terms (Holt 1986; Olssen 1988). On their strongest sites, such as the waterfront and the meat plants, unions exercised significant control over work practices and staffing levels. In the public sector world, this pattern has historically characterized such occupational groups as electricity workers, public transport workers, firefighters and customs' officers.

Paper Tiger Unionism

In New Zealand, as in Australia (Howard 1977), paper tiger unionism is largely an artefact of the arbitration system. Compulsory arbitration allowed the emergence of unions that represented contingent or casualized workers, often scattered in small numbers across numerous worksites and working in close (physical and, sometimes, affective) proximity to their employers. The officials of such unions maintained a stance of 'formalistic adversarialism' towards employers without building a base of worker activism. The arbitration system offered them a court-like setting in which to contest employer prerogatives without having to back the rhetoric of formal debate with the reality of workplace action. As such, they were dependent clients of the arbitration system, paper tigers in the workplace, reliant on the flow-on adjustments from the classic unions which led the arbitral wage rounds (Boxall 1991). The Employment Contracts Act has largely

eliminated the effectiveness of this pattern of strategic choice because it repealed compulsory union membership in the private sector. Without statutory requirements, New Zealand employers see no need to legitimate a union if the vast majority of the work-force either withdraws from membership because it is no longer compulsory or fails to establish a workplace collective in the absence of official sponsorship. It is here that we see the major reason for the dramatic fall in union density associated with the Employment Contracts Act.

Consultancy Unionism

Unions in this category are distinguished from paper tigers through their ability to carry out routine collective bargaining (at enterprise and/or establishment levels) and some basic attempts to stimulate organization, typically through a selective network of activists. This enables them to participate in limited expressions of co-operation with employers. Consultancy unions tend to represent a variety of middle management and professional/technical groups, such as merchant marine officers, government scientists, local government officials and university staff. The membership catchment is essentially middle class and typically public sector. Consultancy union officials seek to improve the management of the work-force through their expertise as labour negotiators and their familiarity with the industry or sector. Unlike employment lawyers, they bring an emphasis on collective voice and on the direct resolution of problems, settled as close as possible to the workplace. Consultancy unions tend to arise where there are large employers who are basically reasonable but not positively proactive. Employers of professionals in the public sector, for example, do not tend to adjust salary levels (in the style of large private sector employers of professionals) until unions make claims. This creates space for consultancy unions to structure employee voice and mount the moral case for improvements.

Partnership Unionism

Officials in these unions seek a more constructive engagement in the strategic management of firms and industries. Such unions are on more secure ground when this strategic intent is combined with more effective forms of organizing. In effect, the unions seek to become both a collective reality for workers and an integral part of the employer's business, generating what is increasingly called 'dual commitment' (see e.g. Deery *et al.* 1994; Guest and Dewe 1991; Guest 1995; Wood 1996). The qualitative difference between classic and partnership unionism is that the latter has embraced the notion that the role of unions cannot be expanded simply along conflictual lines (Terry 1994). An extension to the scope of collective bargaining, while useful, is not deemed enough, and forays into unilateral control may be counterproductive. Unions favouring 'strategic partnership'

(a term adopted by the NZ engineering union) seek to expand their roles in ways that are more co-operative. In this pattern, then, the union presents both an opportunity and a threat to an employer. The opportunity arises from the union's desire to enlarge the surplus of the firm and secure its long-term survival. This appeals to the employer who is prepared to make an explicit commitment to a pluralist stance, something that New Zealand corporates are now less inclined to do publicly because of the strong neo-liberal positions of employer advocacy bodies. Various firms, including many of the internationally competitive manufacturers, however, continue to offer their private support to the kind of neo-pluralism implied by partnership unionism.

5. Strategy and effectiveness: four illustrative cases

The utility of the framework can be illustrated more fully through the experience of four particular unions.

The Northern Chemical Workers' Union: A Classic Case

The Northern Chemical Workers' Union (NCWU) was registered in 1986 on the merger of the Auckland Drug and Chemical Workers' Union (established in the late 1940s) and the Auckland Paint and Varnish Workers' Union (originally formed in 1936). In 1988 smaller unions, representing medical laboratory assistants, and optical dispensers and technicians, also joined. Membership is widely dispersed, with most of the union's 60 or so sites containing 10–20 members and only four with 40 or more. Roughly two-thirds of members are women. Women have always made up a majority of production workers in pharmaceutical and cosmetics plants covered by the union, while men tend to dominate employment in paint, resin and ink factories.

The historical approach of the Auckland Drug and Chemical Workers' Union towards employers set the pattern for the amalgamated union. Direct action was always primary: arbitration was never more than a base-line for subsequent bargaining. Thus, although its core awards remained important, the union negotiated large numbers of 'second-tier' (enterprise and establishment) agreements prior to the Employment Contracts Act. On the Act's inception, the union had the official expertise and workplace strength to switch immediately to site bargaining, in which it has proved very effective. Never lacking the confidence to mount strikes and pickets or the resolve to carry them through successfully, the union has avoided concession bargaining. Contracts are regularly settled well in excess of the 'going rate'. (Chemical workers tend to gain 4–5 per cent increases when other manufacturing workers gain 2–3 per cent.) Important contract clauses such as relatively generous redundancy provisions and rights to paid leave for

union stop-work meetings have been retained intact. In a nutshell, the union adopts a no-nonsense, robustly oppositional attitude to employers.

As this suggests, the Northern Chemical union places strong emphasis on organizing, both at workplace and district levels. Almost all workplaces have at least one workplace representative and a deputy. Unlike many Australian and New Zealand unions, turnover of delegates is minimal and their duties are well understood. As the full-time officials explain, they are expected to be 'vigilant' in enforcing the contract ('the contract is what you live and die by'), to conduct induction of new members, and to raise problems directly with management. At around 90 per cent of total membership, attendance at twice yearly stop-work meetings is high. This is a union whose worker relations are firmly based on the organizing model.

The Northern Chemical union left the CTU in late 1992, largely in protest at the moderate response of the umbrella organization to the Employment Contracts Bill the previous year. It subsequently affiliated with the Trade Union Federation. Like the officials of other TUF unions, the two staff of the union are wary of workplace reform. As one put it, 'I don't agree with it at all. At the end of the day it's employer oriented. It's designed to put the lid on things . . . sooner or later somebody loses.' Attempts by employers to introduce such workplace changes have been rejected on sites because of a lack of perceived advantage for members. In one prominent example, where its members at a multinational chemical plant have been involved in workplace reform, union staff have maintained an arm's length relationship.

The decline in membership from 3000 at the time of amalgamation to the present 800 has been due almost entirely to plant closures and contraction resulting from the tariff reforms initiated in the mid-1980s by the fourth Labour government. It is industry restructuring, rather than the reform of employment law, that has reduced membership. Of the 120 sites organized by the union in 1991, only six withdrew from coverage when the ECA was enacted, and workers in three out of the four surviving sites had returned by 1997 because they could obtain a much better contract in the union. Declining membership has, however, brought increasing financial pressure. In response, the union's executive has relocated the office from the city centre to the suburbs, thereby cutting costs. Despite the difficult financial position, the union's policy is to avoid amalgamation with another union 'until absolutely necessary' because 'bigger is not necessarily better'. More important is the protection of the union's identity and its industry expertise.

As a classic union, the NCWU's dealings with employers have been vigorously oppositional at a time of worker quiescence more generally. Strongly organized in the workplace, and with a high level of membership involvement, the union has maintained its effectiveness in a neo-liberal environment. Located in a manufacturing sector without international scale, however, its future is threatened by the ongoing loss of employment associated with multinationals and other large firms rationalizing their New Zealand sites or completely removing production offshore to much larger plants in Australia or Asia.

The Clerical Union: Erstwhile Paper Tiger

The NZ Clerical Workers' Union (NZCWU) disappeared within months of the inception of the Employment Contracts Act. In its heyday, it was large by the standards of New Zealand unions: 20,000 members. This made it cash-rich and a useful source of card votes for politically ambitious union secretaries. Most members, however, were dispersed across a large number of small work sites (Franks 1994) and the union's official franchise precluded it from covering more highly skilled and better paid office staff (Hill 1994). In 1988, some 88 per cent of clerical union members were women (Hill 1994: 111).

From the outset, attempts to organize clerical workers were frustrated by the problems that were to see the eventual demise of clerical unionism in the private sector. The support afforded by the arbitral system was insufficient to overcome the opposition of potential members and their employers alike (Franks 1991). Of the original clerical unions formed in Auckland, Wellington, Christchurch and Dunedin around the time of the First World War, only the Canterbury union survived the 1920s, and then in a parlous state. It was the election of the first Labour government in 1935, and the consequent re-establishment of compulsory membership and arbitration, that allowed the formation of clerical unions in the major cities and towns.

In respect of worker relations, clerical unions in New Zealand were always trapped in a servicing model. As the Chief Judge of the Arbitration Court commented in 1960,

> The evidence shows that the dominant feature of the history of the [Wellington Clerical Union] is the amazing apathy of the great majority of its members over the whole period of its existence. The management of the affairs of the union has been left almost entirely to a very small band of active enthusiasts. (Cited in Franks 1994: 196)

Low levels of membership activity continued to concern the new generation of union leadership which emerged in the 1970s and 1980s. A 1990 Labour Court case, for example, revealed that voter turnout at the Northern Clerical Union's annual meetings varied between 2.5 and 5 per cent of total membership (Franks 1994: 201). None of the stronger unions would ever agree to amalgamate with a clerical union.

In respect of employer relations, the clerical unions practised 'formalistic adversarialism'. In the 1960s, they fed off the industrial successes of New Zealand's classic unions while campaigning at the parliamentary level for equal pay legislation in the private sector (achieved in 1972). In the late 1980s, the clerical unions led a new pay equity campaign which met with some legislative success under the fourth Labour government. The cash generated by compulsory membership enabled clerical unions to employ large staff numbers and devote large amounts of staff time to political campaigns of this nature. Success in court-room and debating chamber could not, however, compensate for chronic industrial weakness. Clerical

unionism faced the era of neo-liberalism in a state of crisis. When compulsory arbitration of awards was abolished by Labour in 1984 (and thus the guaranteed flow-on from the settlements of powerful unions), the union was unable to renegotiate its general award without significant concessions (Franks 1994). Faced with the prospect of major membership losses and the low likelihood of industrial success following the introduction of the ECA, the NZCWU leadership accepted in August 1990 that the members' interests were best served by packing up and referring those interested to other unions. This plan was accepted by members in a secret ballot in 1991 (92 per cent voted in favour) and was immediately put into effect (Franks 1994: 208). Having always relied on parliamentary props, when the last of the key legislative supports was removed, the members voted the union out of existence.

The Association of University Staff: Consultancy Union at the Cross-roads

The Association of University Teachers, a voluntary public sector union since 1923, merged with unions representing librarians in 1989 and technicians in 1991 to form the Association of University Staff (AUS). With 5500 members, 40 per cent of whom are women, the union is medium-sized by New Zealand standards. Strong employment growth, until recently, in the seven universities has generated membership growth of some 20 per cent since the merger with technicians in 1991. The union is fortunate in covering what are large sites by New Zealand standards (500–3000 staff on each), enabling it to locate an organizer in an office at six of the seven universities. It is affiliated to the Council of Trade Unions which advocates industry-based union amalgamations.

The union's relations with members have been driven by a servicing model in which officials provide collective advocacy and individual advice, and act as lobbyists for public education. Each university has its own branch committee of elected representatives, but AUS lacks the extensive delegate structures that classical or partnership unions aim to develop on sites of similar size. A small core of activists, no more than 2–3 per cent of total membership, involve themselves in committees, working parties and conferences. Undoubtedly, many university employees see advantages in the services that union 'professionals' and local activists can offer. Approximately half of all university staff, however, choose to be 'free riders', declining to join AUS (or other union alternatives) while accepting union-negotiated wage increases and improvements to conditions. Free riders gamble that they can deal with any employment problems through a combination of their own labour mobility and, if necessary, the increasingly prevalent, non-union legal advice. In effect, non-members steal the benefits of collective voice and self-insure in terms of dismissal.

On the face of it, modest density combined with low levels of activism would represent a major problem for most unions. The union's existence, however, has been underpinned by the reactive stance of universities as

public-sector employers. Unlike private-sector professional service firms, universities in New Zealand do not review salaries in a management-driven, annual process designed to recognize and retain productive staff. AUS's appointed and elected officials ensure that claims are filed, to which university managers subsequently respond. By failing to adjust salary levels proactively, and continuing to constrain budgets, government ensures that unionism finds a workable niche in the middle-class echelons of its work-force.

The Association's approach to employer relations is structured around a standard bargaining engagement supplemented by some joint working parties on issues such as job evaluation (for general staff) and performance appraisal (for academics). AUS's claims rely for effect on the diminished university reputation and lessened ability to recruit that would ensue if vice-chancellors completely failed to respond. The union's expressions of collectivism have rarely escalated beyond structured argument in bargaining forums into major outbreaks of unrest. Since 1995, however, university staff have begun to participate in the wave of protest characterizing the public sector more generally. Pattern-breaking collective contracts at Auckland University in 1995 and 1996 and increases to individual contracts at Canterbury have not been quickly or completely matched by other vice-chancellors. In 1995, Victoria University academics, after three years of no wage settlements, reacted angrily to their university's lack of response to a very reasonable wage claim (2.6 per cent). The strike of academics that resulted was the first of its kind in New Zealand. Similar action followed at Waikato, Otago and Massey Universities in 1996 and 1997.

Representing a middle-class, public-sector work-force, AUS has historically exemplified the consultancy union with members consuming the professional services of officials for fees, rarely showing a willingness to act directly and collectively themselves. Employer relations, as a result, have been less confrontational than those of classic unions and less extensive than those of partnership unions. Events since 1995 have begun to change this historical picture. In strategic terms, the union is now situated at a cross-roads. The increasing propensity of members to challenge the inactions of vice-chancellors and the fiscal constraints of government policy adds to its credibility. On the other hand, other developments in union decision-making are divisive. Officials have pushed through a succession of fee increases, arguing the need to support the increasing volume of individual grievance cases handled by organizers. They have also put amalgamation into a broader tertiary union on to the agenda of branch committees and conferences. Activists, however, are deeply divided over the idea of greater union amalgamation, a strategy that some argue will achieve perverse results: losing focus on university problems and encouraging academics, either nationally or locally, to reconstitute their old association. In this context, the future of the union is delicately poised.

The Engineering Union: Advocate of Partnership, Mixed Strategic Practice

An engineers' union was formed in Auckland in 1863, soon followed by other branches throughout the country (Roth 1978). Under government protection, employment grew strongly in manufacturing, and with it the industrial influence of the engineering occupations. The 'metal trades award' became an important reference point for bargaining under the arbitral system: many wage rates in other occupations were directly linked to it and moved in concert with it. Following the Labour Relations Act 1987, which encouraged mergers, a variety of small unions, including the miners and some pulp and paper workers, joined the engineers (Harbridge and Hince 1994). Large numbers of electrical and postal workers also joined the engineering union after the tragic financial collapse in late 1995 of its old rival, the Communication and Energy Workers Union (Sarney 1996). A major amalgamation in 1996 with the Printing, Packaging and Media Union created the NZ Engineering, Printing and Manufacturing Union (58,000 members). With 83 industrial staff and 31 engaged in administration, the union is easily the largest in the private sector. Some 70 per cent of members are male.

While the union's financial base underpins the full range of expert services, worker relations are solidly based on the organizing model. Organizers aim to visit all sites at least three times a year, an objective that is achieved on all but the smallest sites. Senior engineering union officials have always emphasized delegate recruitment and training (NZEU 1991), using a three-level training programme, 'Organizing Works', originally developed in the USA. The historical strength of delegate structures has enabled the union to respond credibly to the rapid growth of enterprise bargaining since 1991 while still retaining two large multi-employer contracts in the plastics and metals sectors. Strong cells of members at major plants, already engaged in robust wage bargaining and job regulation prior to the ECA, have anchored the organizing base of the union.

Since the late 1980s, the engineering union has been the most active private-sector union in terms of formal strategic reviews of its activities (Webster 1993). It is also notable for its use of annual plans at national and district level which translate into work plans for organizers. Through key publications such as *Strategies for the Future* (1991), full-time officials have increasingly signalled a 'new realist' stance to employers, expressing an interest in a broader agenda at both company and industry levels. At the company level, the union has encouraged consultative processes, participative work redesign, strong skill formation and skill-based pay (Webster 1993). Over the last ten years, branch officials have worked on this agenda with important manufacturing concerns, such as the largest steel maker BHP: NZ Steel, the largest timber processor Tasman Pulp & Paper, and New Zealand's premier whiteware manufacturer Fisher & Paykel. The motor industry, a critical sector in the debate among union officials over the new realism, is now divided between plants such as those owned by Toyota

and Nissan, where the employers and the engineering union have progressed workplace reform, and plants such as those owned by Honda and Mitsubishi, where the MCWU (see above), at a more complex bargaining table, has so far stiffly resisted workplace reform. Media reports tell only part of the story, of course. The debate is not simply between the officials of unions that take a different attitude to workplace reform. As one might expect, strong cells of engineers, determined to protect their craft distinctions, have often opposed the work reforms proposed by their company *and* their branch organizer. Recognizing these difficulties, full-time officials increasingly talk of 'strategic relationships' with employers rather than 'partnerships', trying to signify that worker interests are never totally aligned with those of company shareholders. The union's 'partnerships' are not the same as ownership.

In sum, the union's relations with its members incorporate, but transcend, servicing. Amalgamations and takeovers have helped to build critical mass in financial terms, enabling officials to offer the full range of 'professional services' to individual members. The union's basic viability depends, however, on the loyalty of its active members on strategic sites, members whose robust collectivism creates the union's reputation for effectiveness. Employer relations are based on classical bargaining on these sites plus attempts at 'strategic joint problem solving'. The level of internal consistency should not, however, be overstated. On the one hand, the union is still vulnerable in those sectors where members are scattered across small sites. And on the other, there are strong sites where members do not favour closer collaboration or where they have chosen to adopt a classical stance to counter an employer who wants to restrict rather than extend union influence.

6. Conclusions

Despite the immense volume of the industrial relations literature, progress has been slow on the conceptualization of strategic management in trade unions. The literature generally fails to make the basic distinction between strategy and strategic planning and to identify those aspects of union management that are (a) fundamental to survival, and (b) predictive of greater success. The strategic choice perspective can be used to place the emphasis where it belongs: on those critical, enacted decisions that have major consequences for union effectiveness. Formal processes for strategic review may play a role in the making of these choices, but much union strategy is 'emergent' (Mintzberg 1978), informally and forcefully shaped by the direct actions of union actors: members, officials or some coalition of the two.

In neo-liberal environments, it is industrial rather than political strategy that is crucial for unions: strategic choices in relation to workers and employers determine effectiveness. On this basis, it is possible to identify

broad patterns of strategic choice associated with the *nexus* between worker relations and employer relations. Neither of these dimensions of strategic choice, however, is straightforward. Servicing and organizing are not simply dichotomous choice structures, nor are 'adversarialism' and 'co-operation'. Our fieldwork suggests that some unions will clearly fall into one of the main categories identified by this kind of framework, as shown in the cases of the Northern Chemical Workers' Union (classic) and the NZ Clerical Workers' Union (paper tiger). Others, however, exhibit greater complexity resulting from the way officials have pursued amalgamation of diverse worker groups, or because of size and the resulting diversity of employers encountered, or because of significant ideological differences between officials and members. Consequently, it is important to distinguish between specific unions and patterns of unionism. A large union may exhibit more than one pattern of unionism, as in the case of the NZ Engineering Union. Similarly, a union, like AUS, may be historically associated with a weak pattern (consultancy unionism) but show sufficient signs of demonstrating a more credible, classic approach to underpin its survival.

Our studies suggest that the neo-liberal ascendancy in New Zealand has all but eliminated state-dependent, arbitrationist unions. A servicing approach to low skilled, widely dispersed workers at small workplaces, whose employers oppose 'union interference', is fundamentally problematic in the absence of state sponsorship. In a neo-liberal context, it is most likely that these unions will remain small, tenuous organizations focused on a handful of workable niches in the secondary labour market. Apart from the possibilities on a few well-organized, large sites, their strategic choices are extremely limited. From a public policy perspective, the key challenge for reforms aimed at rebalancing worker rights is one of providing voice and credible protections for the worker groups that these unions *cannot* effectively organize.

Consultancy unionism, where unions combine modest organizing methods with routine bargaining and a more co-operative attitude to employers in the primary labour market, has not entirely disappeared. It offers employers efficiency advantages over the alternative of increasingly dealing with a work-force represented by employment lawyers who lack the structures and inclination to negotiate collective contracts. Dealing with a string of individual lawyers representing a string of individual employees carries high transaction and financial costs. Because of low levels of organization, however, consultancy unionism is also a precarious pattern in a neo-liberal context. Amalgamations may temporarily increase the funding base but do not fundamentally address the problems of low participation and significant free-riding which threaten effectiveness.

If servicing models are severely restricted and strategically vulnerable, does the vigorous pursuit of organizing guarantee success? Where economic growth is occurring in the traditional, private-sector 'heartlands' of trade unionism, classic unionism is again proving its effectiveness. It is also a viable option in public-sector services, such as health, where public demand

outstrips professional supply, and as long as government fiscal and industrial relations policies continue to antagonize the work-force. Classic unionism can be particularly effective in essential public services when unions mobilize public sympathy, as well as staunch membership, behind their claims. Overall, our studies confirm the view that classic unions in New Zealand are threatened more by industrial restructuring than they are by neo-liberal labour statutes (Boxall and Haynes 1992). Manufacturing unions, for example, must reckon with the ongoing threat of plant relocation, recently evidenced in the decision of Ford and Mazda to close their New Zealand assembly operations in March 1997. In this context, the leadership of classic unions must give very careful thought to the long-term interests of members.

The other model based on organizing, partnership unionism is the espoused strategy of the engineering union, among others. Realized strategy is often variable for unions whose officials seek to advance this approach. Although they aim to engage employers from positions of considerable workplace strength, partnership unionism is a pattern that is ideologically ambiguous and politically dangerous. Neo-liberal managers are disinclined to believe that commitment to company *and* union offers the best route to superior performance. Even where management is ideologically supportive, unions cannot easily alter the wider politics of restructuring and rationalization in large organizations. In this context, members often perceive that dual commitment cannot be a limitless concept. As the experience of the engineering union suggests, the partnership model requires conceptual refinement, for both employers and workers, and astute political management before and during any initiative.

In a neo-liberal environment, then, the strategic management of unions is both more pressing and more complex. The model elaborated here goes some way towards providing a framework through which present union behaviour and proposed initiatives can be reviewed.

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