

SNIPPETS No 3



UNION CARS

1 *Back from the Brink*: Michael Edwardes [former Chairman of British Leyland] Pan Books; 1984

‘Britain and the world blamed the unions, and turned their backs on British Leyland products. But the real blame lay with management, for they failed in their duty to manage. ‘Management’ is not an automatic right, it has to be earned. It is a duty, and if it isn’t fulfilled it lets everyone down: employee, fellow manager, customer, supplier, and shareholder.’

‘In recent times, and in the past on specific occasions, the unions have cooperated far more than is publically perceived.’

2 *Miracle on the Mersey*: Works Management April 2013

‘A bankrupt owner, a bad rep and a crisis of confidence – Ellesmere Port was down and very nearly out 18 months ago. But a radical flexible working deal between bosses and unions has delivered a stunning turnabout ...’

‘Many management teams fall into the trap of pre-judging union members as troublemakers, explains Milliwald. [Vauxhall HR Director] Assumptions are unhealthy and incendiary. “A lot of people see the trade union as a problem,” says Milliwald. “More often than not, the trade union can be the solution to the problem.”

‘Management teams will reap what they sow, agrees Cray. [Ellesmere Port’s plant director Martyn Cray] “The trade union you get is a mirror of the management team. If you have an inflexible management team, why on earth would you get a flexible union?’

3 *The Default Line*: The inside story of people, banks and entire nations on the edge. Faisal Islam: ISBN 9781781854105: 2013

‘Despite industrial gloom about manufacturing, British car assembly, manufacturing and exports have boomed recently. Factories that might have closed were kept open, in a series of high-wire negotiations over their future with foreign owners. ‘The unions were absolutely brilliant,’ a coalition government minister told me.’

‘The minister said of the conduct of the unions in the period 2010-2013, “Whatever their rhetoric and reputation, they were pragmatic, and ultimately this is very typical of what has happened in Britain and in industry generally, and even in the public sector.”’

4 *Building Productivity in the UK*: ACAS: June 2015

‘Take the automotive industry or the aerospace sector, where high levels of union membership and high levels of employee involvement go alongside incredibly high levels of productivity.’

5 UK automotive announces record £69.5 billion turnover as sector accelerates to historic high: Press Release: Society of Motor Manufacturers and Traders: 30th June 2015

‘On current trends, UK car output is expected to reach an all-time record level of 1.95 million vehicles in the next two years.’

‘Meanwhile, investment in more efficient, high-tech manufacturing processes has led to huge gains in productivity. In each of the five years to 2014, an average of 11.5 vehicles were produced for every person employed in the industry, compared with 9.3 vehicles for the period from 2005 to 2009.’

6 Office for Budget Responsibility: Economic and fiscal outlook: Jul 2015

‘Employment growth has remained relatively strong in early 2015, while productivity has continued to disappoint.’

Reflections

For many historical commentators, the 1970s were the years that Great Britain was run by communist/Trotskyist inspired militant unions. Accountable to no-one – apparently – always on strike, bullying members into not working and who were always looking to skive. Mrs Thatcher came along and ‘took the unions on’. Indeed many commentators often cite the breaking of trade unions – and bringing workers to their knees - as Mrs. Thatcher’s greatest achievements. This rhetoric is misleading. It hides the positive impact that trades unions have had when managers are co-operative.

When Michael Edwardes took up the position of Chairman of British Leyland, it was the then Prime Minister, Jim Callaghan who appointed him. In his book *Back from the Brink* Michael Edwardes refers to his first report to the National Enterprise Board. In it he detailed 16 major problems the company needed to address. Included were the poor industrial relations and militant trade union shop stewards. And the industrial relations were certainly poor! However as the first quote in this edition of Snippets highlights, the poor industrial relations were a symptom of the problem, not the problem itself.

When the decade is being referred to, the Miner’s Strike – 3 day week, car workers’ strikes and the public services strikes in the 1978/79 Winter of Discontent are usually key references. These strikes are usually the main basis for then saying the country was run by trade unions. Yet at the height of trade union membership, around 50% of the workforce was unionised. If they were the main reason for the economic troubles of Great Britain, surely those organisations who were not unionised would have been booming. However they were doing as badly or as well as anyone else.

The introduction of Honda, Nissan, Toyota and other Japanese companies brought a new approach to industrial relations. Built on worker involvement these companies dispensed with the typical British industrial relations baggage. They only dealt with one union. They did not take an anti-union stance.

Since then British Car industry has improved its performance over the last 25 years. Trade unions have responded with the results that today the car – automotive – industry is seen as the spearhead of a manufacturing turnaround. Many have broken production records.

If Nissan is considered, its factory at Sunderland has been the most productive car plant in Europe for over 15 years. In 2010 it became the first car plant in the UK to produce over 400,000 cars in one year: 420,000 in total. Then 480,485 cars were made in 2011 and over 500,000 the following year. Originally the company signed a single union agreement with the Engineering Union, which amalgamated with the Transport and General Workers Union to form Unite. The plant remains unionised.

Toyota (Derby) also brought new industrial relations practices with a single union agreement. While the majority of the originally British owned companies either closed or were taken over, many of their foreign owned successors have grown significantly. The following give some indication of the growth:

Mini (BMW, Germany): Since production of the BMW Mini in Cowley, Oxford in 2001, the company has manufactured over 2.5 million of this iconic model. Since 2011, BMW have invested £750 million to increase production at the three plants involved the manufacture of the Mini.

Bentley (VW, Germany): Despite Volkswagen's current difficulties, the company invested £800 million in the development of a new 4x4 vehicle, the Bentayga, which was launched in September this year. Last year the company produced a record 11,020 of their prestige cars, a 9% increase on the previous year. They also invested another £40 million in their design and engineering centre.

Rolls-Royce (BMW, Germany): In 2014 the company increased its sales of prestige cars by 33%. This led to the company producing over 4,000 cars in one year for the first time in the history of the company: 4,063 very expensive cars.

Jaguar Land Rover (TaTa, India): In the last 5 years the company has invested £11 billion in its UK operations. The company sold 462,678 cars in 2014, an increase of 9% on the previous year. Plans have also been unveiled for the company to spend an additional £3.5 million on new vehicles and capital expenditure in 2015/16.

The car plants in the UK are unionised and as indicated by the quotes from the Minister, the trade unions worked positively with the companies over a number of years. They have had a role to play in the improved productivity of car manufacture yet this receives very little publicity.

The example of Vauxhall is a classic. As indicated above, the plant at Ellesmere Port was in trouble. The parent company – American industrial giant General Motors – made it clear only one plant between the German plant at Bochum and the UK one at Ellesmere Port would remain open. With a new agreement between the company and the trade union Unite, the UK plant was kept open and the German plant closed.

Since this turnaround in 2011 the company has increased production of the Astra. In 2013 the Ellesmere Port plant was named in Britain's top 5 employers based on workforce surveys by the Human Resources research body the CRF Institute. On the 22nd September 2015 the company announced it was investing an additional £140 million in the plant, which can create up to 120,000 of the Astra model per year.

It is the co-operative industrial relations that have applied throughout the car sector in the UK that brought such praise from the Minister quoted in Faisal Islam's book.

The Society of Motor Manufacturers and Traders press release shows that, overall car production is expected to reach an all-time high this year. This is an incredible performance from the companies involved, the investment put into - and management of - their plants and the co-operation of their unionised workforce. This type of performance cannot be achieved without effective worker involvement. It does, however, highlight a more widespread problem.

In June this year the Government highlighted the long standing problem of Britain's poor productivity record. While various studies and initiatives may result from this, the recognition of positive trade union action is likely to be invisible or marginalised.

Despite the positive influence of trade unions on health, safety and business performance, they are generally ignored by the current Government. Indeed, the introduction of the Trade Union Bill is designed to make it more difficult for some unions to collect subscriptions, disrupt the payment of the political levy to the Labour Party and make it more difficult to call strike action. It also aims to disrupt the facility time for Shop Stewards and Safety Representatives to undertake their functions, in the public sector.

In passing it may be worth reflecting on the fact that Nissan has never had a strike.

In the ACAS report, they highlight the connection between good worker involvement, high trade union membership and 'incredibly high levels of productivity.' There is another quote from the report that highlights a major problem:

'Put simply, too many employees find their abilities and skills underutilised at work; they may be working extremely hard, but ineffective business organisation and processes means much of this effort is wasted. Ineffective or positively dysfunctional managers add to the problem; and organisations that fail to explain their purpose find it unsurprisingly hard to motivate staff. Resistance to change is endemic across organisations, and most employees characterise their organisations as low trust. Very few organisations really listen to their employees and consequently have little idea about life on the ground, and fail to invite or follow up on employees' ideas about product or process improvement.'

Perhaps if all the vitriol, malice, spite and negative effort directed at the representatives of working people – trades unions – by the various vested interests had been applied to improving *management standards*, most of the UK's employers would be doing as well as the car industry.

In his hugely successful book, *How to Win Friends and Influence People*, Dale Carnegie¹ quoted American Philosopher and Psychologist William James, who said:

'The deepest principle in human nature is the craving to be appreciated.'

A major step forward in business efficiency could be made in the UK if all the managers could understand this concept; modify their behaviour accordingly; and make effective worker involvement a major priority for their organisation.

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¹ How to Win Friends and Influence People: Dale Carnegie: 1936