

Case study 1**BAE Systems: building a relationship of trust with organised labour**

BAE Systems is a leading international defence, security and aerospace company headquartered in London with significant operations in the US, Australia and the Kingdom of Saudi Arabia. Total group sales were £17.9bn in 2015. The UK workforce numbers 33,800 out of a total group workforce of 82,500. Over many years it has built a relationship of trust with its UK trade unions based on a structured forum and open discussion. BAE Systems has not faced industrial action in the UK in the last 15 years.

The company recognises a number of trade unions and has high levels of union membership. The unions operate together under the banner of the Confederation of Shipbuilding and Engineering Unions (CSEU), which brings together Unite, the GMB and Prospect. The unions have full-time conveners (paid for by BAE Systems) in each business and site. Separately the company has a bargaining and consultation framework at group level.

The current relationship has evolved over many years and was at least in part a response to the acquisition by BAE Systems of defence and shipbuilding businesses where there was a tradition of poor and often confrontational industrial relations. A particular influence was British Aerospace's merger with the defence manufacturing division of Marconi in 1999 when BAE Systems was created. This required the company to bring together two organisations with different union structures, terms and conditions.

Both sides now describe their current relationship as one of trust. This is based on a culture of openness, a structure which allows potentially serious issues to be escalated and addressed before they become critical, and a recognition that, in many areas of public policy, the unions and management have common interests.

The framework in which this takes place is important because it allows the company to engage with unions at every level throughout the group, while still giving individual sites and businesses the freedom to conduct their own bargaining on wages and other specific local issues such as new work practices.

The basic element is the Corporate Consultative Committee that allows BAE Systems to engage with its own union officials at convener level. This has about 30 members and meets quarterly. It discusses issues of mutual interest to the unions and the group. Agenda items might include:

- Ethical issues such as the operation of the Ethics Helpline, the embedding of the Code of Conduct, diversity and inclusion training and similar items which help the company embed its values and understand how they are viewed by the workforce.
- Financial performance. This keeps the unions informed of developments at group level and helps set the context for management actions such as restructuring as and when they become necessary.

