

# **The dynamics of legitimacy in integrative bargaining over restructuring**

## **Abstract**

This paper demonstrates the dynamic interplay between different types of legitimacy in integrative bargaining over restructuring. Through a case study of a UK steel firm, the findings show that cognitive legitimacy is essential to the identification of integrative potential, which interacts with pragmatic and moral legitimacy as bargaining evolves. We show how the diminution of moral legitimacy impacts pragmatic legitimacy, and consequently the cognitive legitimacy underpinning integrative bargaining. Our findings also reveal the two-way interrelationship between legitimacy and the bargaining process: just as legitimacy impacts the bargaining process, the conduct and outcomes of bargaining impacted legitimacy. Significantly, our analysis highlights the risk integrative bargaining presents for unions, as it can involve not a single act of compromise but a gradual weakening of resources predicated on their moral legitimacy amongst workers.

**Key words: legitimacy; restructuring; integrative bargaining; redundancy; steel**

## **Introduction**

Legitimacy is important to union-management relations because of the way it can bind and sustain bargaining relations (Author B1; Butler et al., 2011). Legitimacy influences the level of respect and trust between unions and management, and impacts their ability to cooperate through more integrative approaches to bargaining (Walton & McKersie, 1965; Author B1; Butler et al., 2011). Union-management relations are particularly sensitive when bargaining over employment restructuring, where unions aim to negotiate over practices that can mitigate the often profound

consequences of redundancy for affected workers (Pulignano & Stewart, 2013). Negotiations over the joint management of restructuring hinge on the initial identification of 'integrative potential', even in the context of redundancies (Garaudel et al., 2008; Walton & McKersie, 1965). Both the *identification* and attempted *realisation* of integrative potential as bargaining evolves depend on pre-existing understandings of legitimacy. Legitimacy does not act independently from other social and economic factors. In the context of restructuring, the bargaining process is affected by economic conditions, respective union and management strategy and bargaining power. Yet, within the bargaining process itself legitimacy interacts with these factors in shaping the relationship between actors and ultimately contributes to bargaining outcomes.

Existing literature has stressed the importance of legitimacy amongst union members and how the legitimacy of unions, with employers and the state, is exposed to challenges over time (Butler&Tregaskis, 2015; Wright&McLaughlin, 2021). However, notable studies aside, our understanding of union legitimacy in different contexts remains conceptually underdeveloped and poorly defined (Chaison & Bigelow, 2002; Wright and McLaughlin, 2021), particularly in relation to organisational level bargaining. This is surprising given that union legitimacy is typically seen as a precondition for effective integrative approaches to bargaining and mutual gains working between unions and management during restructuring (Kochan and Osterman, 1994). The paper addresses this gap in the literature through an application of Chaison and Bigelow's threefold framework of union legitimacy to the context of integrative bargaining over restructuring. Following Suchman (1995), Chaison and Bigelow identify three types of union legitimacy: cognitive, pragmatic and moral legitimacy. *Cognitive legitimacy* refers to the taken-for-grantedness of unions' and management's respective roles; an essential basis for joint working between management and unions. *Pragmatic legitimacy* is conferred upon unions by management as they seek utility from union involvement in

the restructuring process. *Moral legitimacy* is conferred upon unions by the workforce and wider community, resting on the idea that unions will do ‘the right thing’, for the benefit of their members, to mitigate the impact of restructuring.

The central research question in this paper is thus: *How does union legitimacy impact the process and outcomes of integrative bargaining in the context of restructuring?* The question is important, not least because as Chaison and Bigelow (2002: 99) insist ‘legitimacy matters to unions’. Legitimacy is core to unions’ representative role and a key resource underpinning their bargaining power (Dufour&Hege, 2010; Chaison, 2009), with the function of these reflecting the strength of cognitive, pragmatic and moral legitimacy at different stages of the bargaining process. Union legitimacy thus impacts how bargaining evolves. In the case of integrative bargaining over restructuring, the identification and realisation of integrative potential (Garaudel et al, 2008) depend upon union legitimacy. Furthermore, work by Suchman (1995) and Wright and McLaughlin (2021) indicates that legitimacy is a dynamic concept. Following this, we advance understanding of union legitimacy by conceptualising the dynamics between different types of legitimacy and between legitimacy and bargaining processes.

In doing so, a key theoretical contribution of the paper is the foregrounding of cognitive legitimacy as an essential precondition to the integrative bargaining processes. Without this, bargaining focused on the identification of shared goals or integrative outcomes, such as in restructuring (Garaudel et al, 2018), cannot proceed. Furthermore, maintaining bargaining relations over the longer term is important for unions (Johnstone & Wilkinson, 2018), throughout which the continuation of cognitive legitimacy is necessary for the survival of integrative approaches to bargaining. In contrast to Chaison and Bigelow’s (2002) findings that cognitive legitimacy is non-existent for unions in the US, we find that unions can have cognitive legitimacy where pluralist

industrial relations continue to prevail, be that at the national, sectoral or, in the specific focus of our study, within organisational level bargaining arrangements.

Our findings demonstrate that as bargaining evolves cognitive legitimacy interacts with pragmatic and moral legitimacy in attempts to realise integrative potential. This dynamic interplay between different types of legitimacy involves multiple feedback loops that impact union legitimacy throughout the bargaining process. Notably, challenges to union moral legitimacy that result from both management and union actions throughout the bargaining process can negatively impact pragmatic legitimacy and, in turn, the cognitive legitimacy that underpins integrative bargaining. Our analysis thus shows how legitimacy contributes to the establishing, sustaining and straining of integrative potential as the bargaining process evolves. Our findings also reveal the two-way interrelationship between legitimacy and the bargaining process. Union legitimacy, upon which their role in bargaining depends, may be diminished by the conduct and outcomes of the bargaining process, thus impacting union legitimacy in future rounds of bargaining: legitimacy both *impacts* and *is impacted by* bargaining.

Drawing on a longitudinal case study of a UK steel firm, the paper explores an ongoing integrative bargaining process that spanned two major restructuring events. In contrast to high profile plant closures in the UK steel industry, SteelCo has remained open. The plant has experienced significant job loss historically, but high union density has ensured that bargaining over restructuring has remained a central feature of industrial relations at the plant. The longitudinal research design offers a rare opportunity to observe the role of union legitimacy in an evolving bargaining process. This is important, because legitimacy is seen to transcend specific acts or occurrences (Suchman, 1995; Chaison & Bigelow, 2002) and its contribution to sustaining bargaining relations is best understood longitudinally (Johnstone & Wilkinson, 2018).

The paper is structured as follows. First, we review the literature and present our analytical framework, then explain methods and context. Next, we examine the dynamics of union legitimacy throughout the bargaining process. Although there is an interplay between each type of legitimacy throughout, the presentation of the findings gives analytical priority to one type at each stage of the process. The paper ends with a discussion and conclusion that develop the key contributions.

## **Literature review**

Legitimacy is considered an integral component in sustaining cooperative industrial relations (Author B1; Butler et al., 2011). For Walton and McKersie (1965) beliefs about different stakeholders' legitimacy are important because they influence the functioning of relationships, determining the level of respect and trust between management and unions. This affects the bargaining process and the potential for cooperation: a strong sense of legitimacy permits bargaining over a wider set of items. Acceptance of an opponent's legitimacy can lead to more effective implementation of bargaining agreements and the sustainability of a cooperative approach (Walton&McKersie, 1965).

Bargaining over restructuring is often described as 'mixed bargaining' because it features distributive and integrative elements (Walton & McKersie, 1965). *Distributive bargaining*, mostly over pay, relates to issues of pure conflict and is traditionally seen as adversarial, resulting in a fixed-sum game. *Integrative bargaining*, in contrast, is a variable-sum game typically based on cooperation, where joint problem solving may generate mutual gains, notwithstanding possible tensions over competing agendas (Kochan & Lipsky, 2003). While integrative bargaining may offer 'win-win' outcomes, such approaches are vulnerable to an opponent's uncertain intentions. Integrative outcomes and mutual gains cannot, therefore, be guaranteed from early cooperation. Union concerns, for example, can include 'eleventh hour' repudiation of agreements by management that

lead to a loss of gains for unions (Cutcher-Gershenfeld, 1994). Determining gains and losses in integrative bargaining is thus complicated as the lines dividing them are often blurred (Huzzard, 2004; Roche et al., 2015).

In the US context, restructuring in the 1980s became associated with concession bargaining, whereby unions were forced into last ditch compromises to avoid plant closures (McKersie & Capelli, 1982; Sallaz, 2004). As Roche and Teague (2015) show, concession bargaining incorporates distributive and integrative elements. A distinctive feature of integrative approaches, and the focus of this paper, is that bargaining relations are typically characterised by cooperation, where management may gain concessions from unions over issues of pay or working conditions yet extend some reciprocity that allows union influence over other areas of working life.

Walton and McKersie argue that an important precondition of integrative bargaining is the identification of *integrative potential*. Integrative potential is the joint recognition of shared interests in the initial stages of bargaining, where both parties see an opportunity to benefit. However, Walton and McKersie stress that eventual outcomes depend on union-management interactions throughout the *process* rather than fixed solutions at the outset: hence the relevance of our focus on the role of legitimacy at different stages of the bargaining process. In restructuring, identifying integrative potential can help secure integrative outcomes, such as ensuring firm survival and employment transitions. For unions, a consideration of structural factors and the wider economic climate is essential because the long-run survival of firms means the long-run preservation of jobs (Garaudel et al, 2008; Walton & McKersie, 1965). An essential dilemma for unions is how to realise integrative potential without being exploited by managerial self-interest as bargaining evolves.

While integrative bargaining can protect jobs, a feature of union strategy may involve a cooperative approach that ultimately concedes job losses as part of negotiations

(Pulignano&Stewart 2012; 2013). Contemporary research shows that *reducing* the number of job losses is an integrative solution for unions if they can secure other concessions from management for workers in return (Garaudel et al, 2008; Pulignano & Stewart, 2013). Garaudel et al (2008) suggest that in industries facing parlous economic conditions, integrative bargaining may be considered unavoidable if competitiveness is to be restored. Such a context thus compels management and unions to perceive some utility in cooperating over restructuring (Walton & McKersie, 1965; Garaudel et al, 2008): while *some* job losses may occur, in the absence of such an approach *many more* jobs could otherwise be lost. In terms of union strategy, integrative bargaining can afford unions influence over *how* restructuring is implemented, even if this means *managing* rather than *preventing* restructuring (Martinez Lucio & Weston, 1992; Bacon et al., 1996; Author C; Pulignano & Stewart, 2013). Possible areas of integrative potential exist, for example, over training and support for displaced workers, negotiation timelines, consultation periods, employment transitions or systems of joint governance (Ahlstrand, 2015; Butler et al., 2011; Pulignano & Stewart, 2013). Integrative approaches also permit unions' access to sensitive financial information and decision-making processes (Frost, 2001).

Nevertheless, the 'success' of an integrative approach to bargaining can be undermined by the loss of consensus within parties, creating tensions in intra-organizational bargaining (Eaton et al., 2004; McKersie et al., 2008). McKersie et al (1965) highlight that internal breakdowns emerge because of conflicting expectations between the leadership and their constituents, such as union negotiators and their membership, over the substantive content, priorities or agendas of negotiation. Similarly, Eaton et al (2008) show how intra-organizational conflicts can surface from inter-union alliances where multiple occupational groups are represented. Workers may perceive unions as facilitating redundancies or holding little capacity to realise gains (Author C; Bacon&Blyton, 2006).



Although often bound to cooperate with management, integrative bargaining raises questions around unions' independence from management, and hence the legitimacy of their representative role (Chaison et al., 1993; Author B2; Dufour and Hege, 2010).

These tensions apparent within integrative bargaining over restructuring show how union legitimacy is exposed to constant challenges and reconstitution over time (Butler & Tregaskis, 2015), which reflects an understanding of legitimacy as a dynamic concept (Suchman, 1995; Chaison & Bigelow, 2002; Wright & McLaughlin, 2021). Moreover, as Wright and McLaughlin (2021) observe, although legitimacy can confer bargaining power it may also be curtailed by challenges to legitimacy. Understanding legitimacy is therefore important in observing how the bargaining process unfolds. For example, in the context of restructuring management could exercise fiat in the absence of legitimacy for their actions (Butler & Tregaskis, 2015); in turn, unions' loss of legitimacy could be deleterious to their ability to represent their members' interests (Hodder&Edwards, 2015). Despite recognition of the importance of legitimacy in Walton and McKersie's seminal framework, the concept remains underdeveloped in relation to bargaining.

We conceptualise legitimacy using Chaison and Bigelow's (2002) and Suchman's (1995) threefold framework: cognitive, pragmatic and moral. Firstly, cognitive legitimacy refers to organisations with a recognised social purpose who are accepted as necessary due to their 'taken-for-grantedness', such as schools or hospitals (Suchman, 1995; Chaison&Bigelow, 2002; Chaison, 2009). Chaison and Bigelow (2002: 95) found no evidence of cognitive legitimacy in their US based case studies and did not see any possibility of unions attaining it. Their study was however limited to the US context where employers were generally seen as unaccepting of unions. Yet, evidence from other national contexts suggests that cognitive legitimacy is potentially viable for unions. Notably, in the industrial relations systems of a number of European countries, cognitive



legitimacy is arguably evident in unions' 'institutionally intact' position as necessary interlocutors with the state and employer associations (Dufour & Hege, 2010). In such cases, long established institutionalised roles for unions allow for a degree of predictability, coherence and coded norms, what Suchman (1995: 582) describes as the comprehensibility of legitimacy.

This is not to suggest that cognitive legitimacy is only possible for unions at the level of the national industrial relations system or industry. The potential for cognitive legitimacy also exists at the organisational level. This is particularly apposite in cases of union-management cooperation, which can include organisational level attempts to forge partnership responses to, and bargaining over, restructuring (author B). As Johnstone and Wilkinson (2018) note, such arrangements at the organisational level help sustain bargaining relations in the longer-term. In such cases, if unions and management do not take each other's essential role and purpose for granted there can be no bargaining focused around identifying integrative potential. Integrative bargaining centres on solving shared problems and this necessitates that one actor recognises the role of the other. In the UK context, where national and sectoral institutional industrial relations have been significantly eroded (Purcell, 1993), the taken-for-grantedness of the union role is still possible at the organisational level in those parts of the economy, such as traditional manufacturing or where there is a public sector heritage, where established systems of pluralist collective bargaining and/or labour-management partnership prevail. In sum, in contrast to Chaison and Bigelow (2002) it remains plausible for unions to have cognitive legitimacy not just at the national or industry level of industrial relations, but as our study demonstrates it is also integral to union-management bargaining relations over restructuring at the organisational level.

Secondly, *pragmatic legitimacy* is the support one organisation derives from another when pursuing its own self-interest (Suchman, 1995; Chaison & Bigelow, 2002). Such self-interested

calculations are performed based on the value that a particular organisation may bring (Suchman, 1995). For management, there is pragmatism in conferring legitimacy upon unions as restructuring often cannot proceed without their agreement (Author B1; Butler et al., 2011). Unions can lend credibility to managerial initiatives, representing a 'key tool in the narrative for change' (Butler & Tregaskis, 2018: 546) that cushions perceptions of unilateral restructuring by management. To confer pragmatic legitimacy upon unions in the context of bargaining over restructuring, management must convince unions of a credible case for restructuring, to realise the utility from union involvement in the process. Equally, unions may derive pragmatic legitimacy from the workforce in an instrumental sense, as their role in bargaining may be used to secure gains for displaced workers.

Thirdly, *moral legitimacy* rests on whether an organisation's activity is the 'right thing to do' (Suchman, 1995; Chaison & Bigelow, 2002). An organisation is typically perceived as morally legitimate if its activities contribute to societal welfare and, in turn, embrace socially accepted techniques and procedures when doing so (Suchman, 1995). The protection of members' interests is a core component of union strategy (Hodder & Edwards, 2015), and while this may mean visibly contesting management decisions, unions may also be 'morally' obliged to bargain over restructuring (Huzzard, 2004). Building on Suchman (1995: 581), unions' moral legitimacy is also evident in their engagement with such institutional arrangements, in which bargaining is a 'collectively valued purpose', mandated by their members. Unions' moral legitimacy thus reflects their credibility in the eyes of the workforce (Chaison et al., 1993), constituted through social networks based on resources bestowed by workers (Butler & Tregaskis, 2018). Unions may strategically share these resources with management in bargaining over restructuring, where more cooperative approaches to bargaining are expected. However, adjacent debates on partnership have

stressed that traditional union ideology, based on challenging management prerogative, may be undermined by 'talking business' over restructuring (Author B1; B2), thereby weakening their moral legitimacy amongst workers.

### **Analytical framework - Union legitimacy and integrative bargaining over restructuring**

Building on the above discussion, the analytical framework illustrates the role of union legitimacy in an ongoing integrative bargaining process over restructuring. The framework conceptualises the dynamic interplay between cognitive, pragmatic and moral legitimacy, which impacts the identification and realisation of integrative potential. The framework (Figure 1) advances previous understanding of legitimacy as a dynamic concept (Wright & McLaughlin, 2021) by demonstrating actual processes of change that make up the interplay between different types of legitimacy as bargaining evolves. The framework also shows the two-way interrelationship between legitimacy and bargaining (as illustrated by the direction of the arrows in Figure 1). Just as union legitimacy impacts the bargaining process, in turn the conduct and outcomes of bargaining impact union legitimacy. That said, legitimacy does not act independently from other social and economic factors. The framework recognises the contextual influence of prevailing economic conditions, which in turn informs union strategy that feeds into the bargaining process.

During restructuring, legitimacy mediates the evolution of bargaining and can be conferred upon unions by different constituencies, such as management, union members and the local community. Within the framework, *cognitive legitimacy* is the taken-for-grantedness of unions and management's roles in the process: the essential basis for joint working between them. *Pragmatic legitimacy* is conferred upon unions by management as they aim to utilise union involvement in the restructuring process. *Moral legitimacy* is conferred upon unions by the workforce and the wider

community, resting on the idea that unions will do ‘the right thing’, for the benefit of their members, to mitigate the impact of restructuring.

An important contention of the framework is that cognitive, pragmatic and moral legitimacy are not mutually exclusive phenomena but rather both impact and are impacted by bargaining. As Suchman (1995: 585) notes, while different types of legitimacy can reinforce each other and become ‘self-sustaining once established’ they can also come into conflict. As the bargaining process unfolds, therefore, feedback loops, both positive and negative, between types of legitimacy inform subsequent changes in the bargaining process (see dotted line in Figure 1).

To further examine the role of legitimacy in integrative bargaining three additional factors are considered. A key factor is *integrative potential* (Walton & McKersie, 1965; Garaudel et al., 2008). Where shared concerns around the implications of restructuring exist, particularly when the external economic context means firm survival is at stake, such concerns act as the basis for the *identification of integrative potential*. Within our framework, the subsequent *realisation of integrative potential* occurs through the emergence of specific redundancy mitigation practices and is represented in stages of *establishing*, *sustaining* and *straining* integrative potential. The realisation of integrative potential is also impacted by *intra-organizational bargaining*. Our framework therefore accommodates the emergence of internal differences over strategy within unions and management that have consequences for legitimacy at key moments in the bargaining process. The final element of the framework is *bargaining outcomes*. Whether integrative potential is realised provides a means to evaluate the gains from bargaining. Bargaining outcomes may centre on plant survival, but also include cooperation, sharing of resources and whether early agreements on process were achieved.

In sum, the framework demonstrates that integrative bargaining is characterised by the link between integrative potential and bargaining outcomes. However, we contend that bargaining

processes are mediated by the dynamic interplay between different types of legitimacy (cognitive, pragmatic, moral), and also the two-way interrelationship between legitimacy and bargaining which informs subsequent rounds of bargaining: legitimacy is thus not an end in itself.

[Insert Figure 1]

## **Methods**

The research examined bargaining through a longitudinal case study of two restructuring events at a UK steel firm, SteelCo, termed R1 and R2. In total, 1150 jobs were cut. The case study involved an in-depth exploration of bargaining through close interactions with key actors in the field (Hamel et al., 1993). Data were collected between 2013 and 2019 and consisted of three methods: non-participant observation; qualitative interviews; and internal company data, from recruitment websites, policy documents, communiques and the on-site newspaper. Rather than separated analytically, R1 and R2 are examined as an ongoing bargaining process.

As a single case study SteelCo offers analytical generalizability (Yin, 2017), in terms of union legitimacy in integrative bargaining over restructuring and by revealing deeper insights into how legitimacy plays out at the workplace level. The SteelCo case extends our understanding of the dynamics of legitimacy in contexts where collective agreements and joint regulation over restructuring exist, such as in traditional unionised sectors. Therefore, the SteelCo case was chosen due to its methodological qualities that hold resonance beyond the immediate context. Its recent history of cooperative industrial relations and the historic prevalence of restructuring, as a reflection of wider processes of deindustrialisation, meant it provided an ideal case in which to examine the social processes that underpin management and union attempts to mitigate the effects of job loss. Understanding the dynamics that shape bargaining over restructuring have become more salient given that restructuring is the typical managerial response to recessionary pressures (Cascio et al,

2021), with record high rates of job loss globally in recent economic crises such as the Global Financial Crisis and Covid-19. Additional context on restructuring at SteelCo is discussed in the next section.

A notable strength of the research design was a sustained period of non-participant observation that involved 120 hours on-site at SteelCo. Table 1 details a schedule of observations. Extended time spent at SteelCo was crucial in exploring the social processes that underpinned bargaining, as regular access to union-management relations revealed its ongoing and dynamic nature (Johnstone & Wilkinson, 2018). Non-participant observation focused on formal and informal settings and ‘behind the scenes’ of bargaining. This provided a rich, in-depth view of how legitimacy impacted bargaining by revealing tensions as the process evolved. Field notes on contexts, events and conversations were recorded in a journal. These data supplemented the *in situ* nature of the research, observing bargaining ‘as it was happening’, rather than relying on narrower, cross-sectional testimony from participants.

[Insert Table 1]

Sixty-three semi-structured interviews were conducted, which complemented the ethnographic data: seven with senior management (SM), 15 with HR representatives (HR), eight with senior union officials (TU), three with union training representatives (UTS) and 30 with workers affected by restructuring (W). Interviews lasted 45 minutes to two hours and took place towards the end of R1 (2013) and during R2 (2014-5). Quotations from participants in the findings are indexed in relation to their group’s abbreviation (e.g. HR1, TU2, W3). The research adopted a theoretical sampling approach by iterating between data collection and literature along with regular discussions with two gatekeepers, a HR manager and a senior union official, who helped recruit further participants. Longer, follow up interviews in 2017 and 2019 with key management and union

informants allowed insight into the continuation of integrative bargaining beyond R1 and R2. Interview participants are summarised in Table 2.

[Insert Table 2]

Observational and interview data were analysed using Nvivo. A first cycle of coding split the data into descriptive nodes that detailed union and management actions in the process, categorising these in relation to instances of integrative potential, intraorganizational bargaining and bargaining outcomes as set out in the analytical framework (Figure 1). A second cycle of coding was further guided by the analytical framework whereby first cycle nodes that corresponded to cognitive, pragmatic and moral legitimacy were identified. For example, meetings between unions and management early in the bargaining process were firstly coded as attempts to identify integrative potential, and then secondly broken down as an instance where cognitive legitimacy was apparent. This approach to the analysis allowed us to map where different types of legitimacy were most salient in the bargaining process. Data were thus interpreted in relation to how each type of legitimacy influenced different stages of the process, with emergent themes around how integrative potential was established, sustained and strained as the process evolved. A chronology was also constructed to map legitimacy at these different stages of bargaining. Analysing data alongside this chronology revealed an understanding of the dynamic interplay between different types of legitimacy as the process evolved, and how tensions within them shaped the identification and realisation of integrative potential. Although all three types of legitimacy were present throughout the process (see Table 3), in the presentation of the findings we give analytical priority to one type of legitimacy at each stage of the process.

### **Economic conditions and restructuring at SteelCo**



SteelCo is a UK subsidiary of a multinational firm and is the largest private sector employer in its region. SteelCo is characterised by high union density and a public sector heritage, but since privatisation in the 1980s has been subject to mergers and acquisitions by several multinational firms. SteelCo has largely endured the decline in production and employment that afflicted the UK steel industry. The restructuring of the UK steel industry has been caused by a confluence of external economic conditions associated with deindustrialization, the internationalisation of production and a global excess capacity of steel. Structural decline of UK steel is reflected in employment falling from 320,000 in 1970 to 24,000 in 2016, including plant closures at Ravenscraig, Llanwern, Ebbw Vale and Teesside. Although SteelCo has avoided plant closure, frequent restructuring has meant that the workforce has halved from 12,000 in 1974 to approximately 6,000 at the commencement of fieldwork and just over 5,000 following R1 and R2. Despite considerable job loss in the sector, little industrial action has occurred: the last national steel strike was in 1981. That said, research points to differences in union strategy between UK steel plants; with Teesside, for example, characterised as conflictual (Bacon & Blyton, 2006), compared to the SteelCo data that suggested a more cooperative approach.

Negotiations were conducted through a 'multi-union group' that acted as a single bargaining unit of four recognised unions; anonymised as TU(A), TU(B), TU(C) and TU(D). The single bargaining unit is taken as a proxy for union legitimacy throughout the analysis. Union density at SteelCo was 82%. TU(A) represented 59% of members at SteelCo, split between 90% blue collar production workers and 10% white collar workers; TU(B) represented 30% overall, of which 85% were blue collar engineering workers and 15% white collar; TU(C) represented white collar workers only, accounting for 7% of overall members; and TU(D) represented blue collar engineering workers only,

representing 4% of total union membership. A senior TU(A) union official chaired the multi-union group.

The restructuring event R1 began in 2011 with the announcement of 810 jobs at risk of redundancy, with 340 further job reductions announced in R2 in 2013. To achieve the target job reductions all staff were offered the chance to leave through a combination of voluntary redundancy and early retirement: 650 workers in R1 and 210 in R2 left through these schemes. These departures created vacancies for redeployment which helped mitigate the effects of job loss on those formally at risk. Voluntary redundancy was encouraged through a comparatively generous company severance package, reflecting a long-established formula negotiated with the unions. SteelCo offered 2.1 weeks salary multiplied by tenure, compared to statutory rates in the UK of 0.5 and 1.5 weeks' pay depending on age and tenure. Workers choosing early retirement also received a cash lump sum consistent with the defined benefit pension scheme. Throughout R1 and R2 the same committees, meetings and support used to manage restructuring were taken as given and remained in place. Approximately 160 workers were internally redeployed in R1, and 130 in R2 via 'cross-matching', a process that placed affected workers into vacant roles elsewhere as a method of avoiding compulsory redundancies. A 'cross-match committee' was established that included HR managers from each department and senior officials from each union.

### **Establishing integrative potential through cognitive legitimacy**

The shared recognition between management and unions of their role at the outset of the bargaining process pointed to an underlying cognitive legitimacy. Cognitive legitimacy was evident in a longstanding acceptance by both management and unions of the benefits of labour-management cooperation – that is, such cooperation had become institutionalised and 'taken for granted' - and

their respective role in the process: a context supported by high union density and regularly negotiated collective agreements. Contemporaneous bargaining over R1 and R2 was a direct reflection of the collective agreement dating back to the 1970s that was aimed at mitigating the impact of restructuring on workers. The mutual recognition of the historic role of management and unions at SteelCo, was explained by HR2 and TU1(A), respectively:

*"Traditionally, we recognise the unions...so we follow an agreed consultation process... things take a long time but it's just the nature of the business that we work [in]."*

*"It's the correct relationship...but good fences make good neighbours, which is the exact same as good agreements make good industrial relations".*

Bargaining over restructuring began six months prior to the public announcement of R1, with an invitation from management for senior union officials to attend meetings with SteelCo executives at the head office. During these meetings, unions were granted access to sensitive commercial information typically exclusive to management. Union officials recalled that management outlined efficiency improvements and a more flexible production model to secure the plant's viability in response to parlous economic conditions. This meant cost savings through the closure of one of the plant's steel mills, and redundancies. Management's objective of producing less volume to focus on higher quality steel products was to be facilitated with training provision to enhance functional flexibility: a proposal the unions' supported as it signalled commitment to the workforce beyond restructuring. Understanding the need for cost savings, unions conceded job losses as part of a wider integrative bargaining strategy designed to avoid plant closure. A shared interest in the long-term survival of the plant was thus framed by an established cognitive legitimacy between management and unions that formed the basis for integrative bargaining. For example, union officials believed that SteelCo's proposed relining of a blast furnace represented a

commitment to future employment and steel production, which was also understood as a continued recognition of the unions' role at the plant. Moreover, senior management offered unions a role in delivering workforce training, both during and beyond restructuring.

A key driver for the unions was avoiding compulsory redundancies. Part of the unions' strategy for mitigating the impact of restructuring on workers was to extend the consultation period to allow for the development of support provision and redeployment processes. Cognitive legitimacy underpinned the unions' ability to persuade management to agree that R1 would run over an extended 18 months' period, which went well beyond the statutory 45 days' minimum for redundancy consultation. As explained by TU2(A):

*"We need the earliest opportunity to talk with the company. Even if we don't deliver for a while, we need to know where we are. Those discussions help when we're making the case for why people should talk to us if they're at risk. Ironing things out before helps get that across."*

Cognitive legitimacy found further expression in the joint union-management administration of the restructuring process. Specifically, the internal redeployment process, known as 'cross-matching', was established in the early stages of R1 on the basis of joint governance: and continued in R2. Given that cross-matching was the primary mechanism through which compulsory redundancies were avoided, the practice symbolised attempts to realise the integrative potential central to bargaining relations.

Another important artefact of cognitive legitimacy between management and unions was an agreement around the development of a monthly joint communique to the workforce. The communique was e-mailed to all staff and displayed on notice boards, and provided updates on headcount reduction, redeployment numbers, vacancies, support provision and strategic objectives.

The communiques reflected key areas of integrative potential and, significantly, were signed by SteelCo's Managing Director and the chair of the multi-union group. As described by HR7:

*"It [joint communiques] means people can continue to see that absolutely everything between us has been through the wringer, and that it genuinely is a joint approach."*

In addition to these formal displays of cognitive legitimacy, observations of unscheduled and informal interactions demonstrated the way in which it was upheld. Informal meetings helped to maintain cooperation between unions and management by avoiding significant infringements in formal meetings, as the minutes of such meetings were available to the workforce. For example, tensions in the cross-matching process were typically resolved outside of formal bargaining forums with senior management and HR in union offices, the canteen or in corridors. These informal interactions reflected a continued commitment to cognitive legitimacy, through a joint approach that preserved a mutual appreciation for one another's roles even outside of formal bargaining forums. That is, by deliberating over issues informally the formal aspects, that were recorded and visible, could run smoothly, and help to promote a perception of cooperation to the workforce. A senior union official, TU1(A), illustrated how informal processes contributed to the unions' strategy of maintaining cooperation with management:

*"Those difficult moments of tension are dealt with in a corridor or a quiet room. Before we enter any of these forums we tip each other off, of anything that's going to cause a problem. We probably would have agreed a solution before we enter into those public forums."*

While the quote above illustrated the cognitive legitimacy inherent in the mutual recognition of roles, such informal processes also reflected the pragmatic legitimacy management conferred on the unions. Therefore, although cognitive legitimacy established the basis on which integrative bargaining developed, interaction with other types of legitimacy was also key throughout. Analysis

now turns to the role of pragmatic legitimacy, as illustrated in the next stage of the bargaining process.

### **Sustaining integrative potential through pragmatic legitimacy**

While cognitive legitimacy was key to the establishment of integrative potential, management's commitment to the bargaining process was also informed by the pragmatic legitimacy they conferred on the unions: as witnessed during attempts to sustain integrative potential. This was evident in management's perceived utility of the unions' role in the bargaining process, which was seen to lend the wider restructuring a credibility amongst the workforce. In early negotiations, management aimed to 'sell' the need for restructuring to the unions to obtain their agreement and ultimately benefit from utilising their resources in the process. Such union resources were seen to be based on their closer interpersonal relationships with workers, which meant they were more trusted than management. Management therefore viewed the unions' role in the process instrumentally, as the unions were seen as better placed to moderate the message over the need to restructure and help secure workers' consent. Management were particularly concerned to ensure the avoidance of worker grievances, employment tribunal claims or industrial action related to restructuring. As two senior HR managers, HR5 and HR6, explained:

*"What I call the front end, the debates with the unions, getting them on side, that sort of thing. I don't mind saying it, early communication with our unions was absolutely fundamental for restructuring to happen."*

*"We need to make negotiations with unions visible to workers and show the good relationship we have with them. Then they can go out and sort of rally the troops and get people on side which makes it obviously a bit easier for us."*

The joint governance of cross-matching further illustrated how pragmatic legitimacy informed management's approach to sustaining integrative potential as bargaining evolved. Observations at cross-match meetings showed how management shared responsibility for cross-matching with the unions, for example by inviting unions to chair weekly meetings and extending deliberations over individual redeployment decisions. Management believed it was important that unions chaired cross-match meetings throughout R1 and R2 as it enhanced their participation, thereby reinforcing the credibility of restructuring to the workforce. Pragmatic legitimacy was therefore important at this stage as management sought to capitalise on the unions' comparably more favourable reputation amongst workers to ensure a smooth cross-matching process. As HR1, explained:

*"It's a bit of a trick really, we make sure the unions chair the meetings. And what does that do? It says to workers it's not us versus them, not any old management-union meeting...because cross-matching is about one thing, to try and help people unfortunate in restructuring."*

However, observations also illuminated the competing imperatives informing the respective positions of unions and HR. While HR focused on the quantitative tracking of headcount reduction and cost savings, the unions' were more concerned with qualitative issues such as health and safety, occupational requirements and work-life balance. This distinction highlighted the pragmatic exchange that informed management's approach to cross-matching, as they delegated these more interpersonal aspects of the restructuring to unions. For example, in cross-match meetings, long discussions between HR and unions were typically based on utilising unions' additional knowledge of individual workers' needs. Cross-matching was thus viewed positively by management and unions alike, as for unions it was considered a mechanism through which they could feed workers'



concerns into the bargaining process. A senior union official, TU4(C), offered insight into their involvement in cross-matching:

*"No disrespect to HR but they're not as close to the guys (sic). They don't know about other things going on their lives, something not documented...why they can't leave...if a potential outcome isn't suitable we are honest with HR and say that."*

Alongside cross-matching, negotiations also took place over training provision to support affected workers in both R1 and R2: resulting in an agreement that SteelCo would pay £250 towards training per worker. For management, this arrangement reinforced the pragmatic legitimacy associated with the unions' role in the process. By making unions responsible for training provision the argument for the need to restructure became further entrenched amongst the workforce due to the unions' deeper involvement in the process. As part of these negotiations SteelCo contracted a training service run by TU(A) to help workers with CV writing, interview preparation and avenues for retraining. By contracting one of the unions to provide training to affected workers management took advantage of established union resources, while also benefiting from a potentially more favourable perception amongst the workforce given the training was delivered by a more trusted union service.

Both union involvement in cross-matching and the provision of training represented attempts to sustain integrative potential, and reflected the pragmatic legitimacy conferred upon the union that underscored their involvement in the restructuring process. However, as analysis in the next section shows, such union involvement in the restructuring process also held implications for their moral legitimacy, which would ultimately contribute to the straining of integrative potential.

### **Moral legitimacy and the straining of integrative potential**

While training provision and cross-matching served management's interests, they also reflected an important driver of the unions' moral legitimacy and a key feature of integrative potential. The unions' moral legitimacy was predicated on 'doing the right thing' in terms of protecting members' interests in the context of restructuring. As expressed by an affected worker, W1:

*"They [unions] temper the worst behaviours of our business leaders. And that drives them [management] towards being responsible, because that's much more the unions' raison d'être."*

The unions' moral legitimacy was conferred by their members and supplemented by the local community due to the unions' sense of responsibility to the region in which SteelCo was located. Unions recognised that because SteelCo was the prime social and economic base in the region, plant closure would severely impact workers, families and local businesses. Senior union officials stressed in branch meetings their involvement was motivated by the potential impact of plant closure. Although there was a tension for unions in agreeing to some redundancies, union officials felt a moral duty to avoid the loss of all jobs through plant closure, as experienced by comparable steel plants in the UK. One senior union official, TU3(B), reflected on the broader implications of their involvement in the restructuring process:

*"From a union point of view it's twofold because your main priority is to represent members and their families, to get them the best deal. But the responsibility to the business also impacts the future of the town and whether it's still here for future generations."*

Moral legitimacy also influenced unions' attempts to sustain integrative potential through involvement in the restructuring process. For example, all four unions agreed to TU(A) providing training, and it was celebrated as an example of the union's influence on negotiations. Indeed, according to union training representatives, this denoted a socially responsible way to support workers as opposed to third-party corporate suppliers commissioned by SteelCo. However,

observations at branch meetings brought into question the benefit to workers not in TU(A), suggesting tensions over training provision were a harbinger of the straining of integrative potential. Such workers appeared reluctant to engage in training given it was not provided by 'their union', and TU(A) were criticised for 'making money from job loss'. Approximately 30 affected workers out of 1150 attended training workshops. Reasons for low participation revolved around workers taking early retirement or redeployment without the need for support, but importantly some perceived it as not useful and poorly run. One worker, W8, a member of TU(B), illustrated tensions over union strategy that potentially threatened the moral legitimacy conferred by members:

*"I didn't see a lot of value, in fact it irritated us, they'd make an announcement and some job centre would be in with a union provider. I'll be...critical here... it would be about how they can gain from restructuring and not about actually how they might help those affected."*

The role of TU(A) in training provision therefore revealed early signs of inter-union tensions. Even though such training provision illustrated unions' moral legitimacy, this was weakened by intra-organizational conflicts between union officials and members. Observations at branch meetings revealed a growing unease over cross-matching amongst union members towards the end of R1 and throughout R2, demonstrating how intra-organizational tensions within and between the unions had consequences for their moral legitimacy. Members protested that the unions' role in cross-matching was allowing management to 'get away' with redundancies, perceiving them to be overly accommodating of management's restructuring agenda. Unions could be seen to have sacrificed important resources based on their moral legitimacy in their attempts to realise integrative potential. An affected worker, W5, illustrated these tensions:

*"In restructuring, unions have no authority. The boot is on the other foot. Management dictates what happens and unions follow... All they do is cascade what management say down to us, which is usually there's job losses and that's it, so why not just chop the unions right out."*

The unions' moral legitimacy faced further risk in the latter stages of R1, as senior managers pressured HR to conclude cross-matching quicker than had been collectively agreed, to achieve cost savings before the financial year end. While the unions' emphasis on workers' personal and professional needs within cross-matching was commensurate with their moral legitimacy, this was threatened when HR's priority became focused on placing workers into *any* redeployment. On several occasions, union officials directed vitriolic expletives at HR staff as they watched them walk to their cars after meetings. These private, informal moments illuminated the frustration union officials felt about being pressured to essentially renege on the agreed timeframe, as management's actions could be seen to have jeopardised the integrative potential set out early in the process.

As shown above, membership doubts over the unions' ability to assert influence over the restructuring process diminished the unions' moral legitimacy. Observations from cross-match meetings late in R1 underscored this threat to the unions' moral legitimacy, as HR sought to increase headcount by encouraging unaffected workers to reconsider taking voluntary redundancy. For the unions, this represented HR's opportunistic exploitation of the initially agreed longer timeframe to conduct the restructuring. A senior union official described the longer timeframe as allowing management to create an 'air of persuasion' amongst the workforce, as management took advantage of cross-matching infrastructure and other support mechanisms already being in place. Unilateral management actions diminishing the unions' moral legitimacy were at odds with the logic of management's conferment of pragmatic legitimacy on the union, with implications for cognitive legitimacy that underpinned cooperative relations over restructuring. According to TU2(A):

*"We didn't get much of a heads up, it wasn't handled very well...it became a mad rush because they were asking for extras on top of what was originally agreed. There was an awful lot of animosity with them because of that."*

The undermining of unions' moral legitimacy was compounded by an annual internal CEO award, presented to the HR department for delivering R1. The award referenced 'corrective actions' implemented by HR: union consultation; support for workers; extended timeframes; avoiding worker grievances and tribunal claims; and protecting SteelCo's reputation. Senior management claimed the process would be formalised as a benchmark for restructuring. The unions perceived the award as devaluing their contribution to the restructuring process in the eyes of their membership. HR also expressed concerns about the award's implications for their relationship with the unions, suggesting it could threaten future cooperation over restructuring. In this sense, the award contributed to the unions' diminished moral legitimacy, with ramifications for both pragmatic and cognitive legitimacy, and also reflected intra-organizational tensions between the HR team and senior management. As described by HR2:

*"If we went through it again the main challenge would be buy in from the guys [unions], because that [CEO award] made them quite pessimistic, we'll lose their support. They'll have a go at us, saying we'll have ulterior motives just to make redundancies and that's all we care about. Their suspicion of us will be even worse and make those conversations a lot harder."*

Intraorganizational tensions between the unions resurfaced during R2, as management decided to restructure the engineering function and cut staff from 80 to 15. The senior TU(B) official argued at senior governance meetings that SteelCo could not afford to lose the tacit knowledge of engineers. Senior management contended that TU(B)'s concerns were un-actionable as they previously agreed (at the outset of R1) to redundancies and that cross-matching was underway.

Such agreements were now seen by TU(B) as disproportionately impacting their members. Inter-union tensions were openly articulated in informal discussions outside the meeting where TU(A) officials argued that TU(B)'s concerns came 'too late in the day'. This intra-organizational conflict risked the moral legitimacy of the union given they were unable to preserve engineering jobs for the long term.

The combined impact from inter-union tensions and members' disaffection over management actions late in the process diminished the unions' moral legitimacy in the eyes of the workforce, as they were perceived to be increasingly unable to resist co-option by management agendas. Despite this straining of integrative potential, as early as the latter stages of R1, unions remained compelled to continue to pursue integrative bargaining throughout R2 and beyond.

## **Discussion**

At the time of writing SteelCo has not suffered a similar fate to comparable UK steel plants, many of which have closed. Nonetheless, the restructuring of the UK steel industry has continued apace, with recent debates over decarbonisation having implications for further job losses. SteelCo has not been immune to this, as changing ownership has led to three further waves of restructuring and 1,700 job cuts. Follow up interviews confirmed that the bargaining architecture to respond to restructuring in an integrative way had endured, and agreements around avoiding compulsory redundancies retained. Such agreements provide the basis for worker outcomes associated with minimising job losses through internal redeployment processes, voluntary redundancy, early retirement, enhanced severance packages and union training provision. That integrative bargaining still exists at SteelCo suggests a continued cognitive legitimacy between unions and management as new rounds of



restructuring are announced: though we highlight that maintaining cognitive legitimacy is an ongoing challenge that is subject to fractures in the bargaining process that directly impact union legitimacy.

Our analysis of the SteelCo case builds on the notion that legitimacy is a dynamic concept (Suchman, 1995; Chaison & Bigelow, 2002; Dufour&Hege, 2010; Wright&McLaughlin 2021). In addressing our research question, we show that the dynamic interplay between the cognitive, pragmatic and moral legitimacy of unions significantly impacts how the integrative bargaining process evolves. As Figure 1 shows, the process of identifying and realising integrative potential is mediated by the interactions between different types of union legitimacy. Our empirical insights build on this further by highlighting that the conduct and outcomes of bargaining throughout the process can mean that legitimacy both impacts and is impacted by bargaining. The discovery of this two-way interrelationship between legitimacy and bargaining is therefore important with regard to unions' ability to represent workers' interests in subsequent bargaining processes.

Returning to our framing of union legitimacy (Suchman, 1995; Chaison & Bigelow, 2002; Chaison, 2009), a key theoretical contribution of the paper is the foregrounding of cognitive legitimacy as essential for integrative bargaining processes. In addressing our research question, Cognitive legitimacy is necessary for integrative bargaining to function. Although the interplay between pragmatic and moral legitimacy has been considered as key for union strategy (Chaison & Bigelow, 2002; Chaison, 2009; Wright & McLaughlin, 2021), our data show the necessity of cognitive legitimacy for unions in certain contexts. This contribution stands in contrast to the findings of Chaison and Bigelow (2002), which focused on select US cases where cognitive legitimacy was non-existent for unions. Drawing on Suchman (1995), we argue that in a context of long-established union-management joint working the 'taken-for-grantedness' of unions mean they can be seen to represent organisations that are necessary, predictable and institutionalised. In this sense, cognitive



legitimacy is an important precursor to pragmatic and moral legitimacy in the integrative bargaining process, while in turn linking to these other types of union legitimacy for its continuation. Further, we contribute to the literature on bargaining (Walton & McKersie, 1965; Garaduel et al, 2008) by demonstrating how integrative potential is established, sustained and strained by different types of legitimacy as the bargaining process evolves.

Our findings have given analytical priority to different types of legitimacy at different stages of the bargaining process, to help understand how each type of legitimacy informed management and unions' approach to bargaining. However, each type of legitimacy was present throughout the bargaining process (see Table 3). A notable aspect of this interplay was the way that certain practices during the bargaining process served both pragmatic and moral legitimacy, which in turn had implications for the cognitive legitimacy between management and unions. Key here was the way in which feedback loops, be they positive or negative, created insights that brought about subsequent changes as the bargaining process evolved.

[Insert Table 3 here]

The SteelCo findings therefore demonstrated the interplay between different types of legitimacy. For example, recurrent senior governance meetings and forms of joint information sharing served management's conferment of pragmatic legitimacy by maintaining the credibility of restructuring through a demonstration of their cooperation with unions. Yet in turn, these activities also supported unions' moral legitimacy, making visible to the workforce the actions they were taking to mitigate the effects of restructuring. Similarly, the data showed that union involvement in cross-matching and the provision of training was a concession afforded to them by management that helped uphold their moral legitimacy, but also ultimately served management's conferment of pragmatic legitimacy. Thus, the union's strategy of sharing of information with HR helped encourage

worker buy-in to cross-matching and secure redeployments. This interplay between types of legitimacy meant that the cost to the union of pragmatic legitimacy was paid in the currency of their moral legitimacy, potentially negatively impacting their hand in future rounds of bargaining. This cost to the unions' moral legitimacy was further evident in how intra-organizational tensions meant participation in training provision contributed to its diminution, which via a feedback loop could be seen to impact pragmatic legitimacy by undermining the utility to management of union involvement.

However, the SteelCo findings also demonstrated that union legitimacy in the bargaining process was vulnerable to bargaining outcomes, due to inter-union conflicts and management exploitation of agreements. The unions' moral legitimacy was challenged by management's perceived exploitation of the initial agreement on the timeframe for restructuring, which undermined the union's credibility as a bargaining actor. Management's apparent disregard for the role played by the union in the restructuring process in the presentation of the CEO award further exacerbated the situation. At one level the CEO award reflected the gains from management's conferment of pragmatic legitimacy, as it celebrated the achievement of restructuring without worker grievances or industrial action. However, as recognised by HR representatives, the unions' perception that their contribution to the restructuring process had been devalued potentially threatened future cooperation with management. The interrelationship between bargaining and legitimacy was thus evident in that management's apparent gains at the expense of the union's moral legitimacy jeopardised the future utility derived from the conferment of pragmatic legitimacy, and ultimately the cognitive legitimacy underpinning the ongoing stability of bargaining relations. Union legitimacy is not, therefore, an end in itself. The SteelCo findings therefore show the dynamic two-way

interrelationship between legitimacy and bargaining: just as legitimacy impacted the bargaining process, the conduct and outcomes of bargaining impacted legitimacy.

If the economic conditions that drive episodic restructuring compel unions to sustain a strategy based on integrative bargaining, then unions risk their resources being exploited by management (Author B2), which we argue could, in turn, weaken the moral legitimacy underpinning such resources. These tensions are not exclusive to bargaining over restructuring. However, they become more acute for unions in integrative bargaining, as they are caught between maintaining independence from management while simultaneously cooperating over job loss. While the structures for an integrative approach have endured at SteelCo, the apparent jeopardising of cognitive legitimacy in our findings signal the ongoing uneasy alliance between management and unions. Clearly, the unions would not consider job loss a success of bargaining. Given the experience of comparable steel plants in the UK, however, the unions' ability to secure *some* jobs as opposed to the loss of *all* jobs can be perceived as a relative gain.

In explaining bargaining outcomes, much of the integrative potential was, at face value, realised: plant closure was avoided; extended time frames were enacted; and unions participated in cross-matching and training provision. As noted, legitimacy does not act independently from other social and economic factors. The bargaining process at SteelCo was shaped by economic conditions and respective union and management strategy. Yet, the legitimacy conferred upon the unions was fundamental to the bargaining process that led to specific worker outcomes. Workers received above statutory redundancy payments and early retirement packages that provided a relatively strong financial buffer to mitigate the effects of job loss, along with the internal redeployment of 290 'at-risk' workers through the cross-match process. While union training provision could be seen as a successful outcome, when measured in numerical terms it appeared

less beneficial given the low take up from displaced workers. Viewing R1 and R2 in terms of distributive bargaining would suggest unions failed to prevent redundancies, while SteelCo secured cost savings through headcount reduction. Yet, the findings reveal a more complex view of outcomes when viewed through an integrative lens. While the bargaining literature recognises that integrative outcomes are less clear and open to appropriation by management (Cutcher-Gershenfeld, 1994; Roche et al., 2015), our analysis points to the utility of focusing on the role played by legitimacy in the social processes through which integrative potential is identified and realised.

In summary, the straining of integrative potential due to weakening moral legitimacy, undermining pragmatic legitimacy and jeopardising cognitive legitimacy suggests a perpetual cycle of diminution in union-management bargaining relations. That said, in the context of economic conditions and structural decline bargaining for modest integrative solutions (Walton & McKersie, 1965) over the implementation of restructuring rather than its prevention will, we suggest, remain union strategy as long as plant survival is threatened. However, such a scenario depends on the continuation of cognitive legitimacy, without which integrative bargaining cannot survive.

## **Conclusion**

The paper has analysed the dynamics of legitimacy in an integrative bargaining process over restructuring, through a longitudinal case study of SteelCo. An important feature of integrative bargaining over restructuring is the identification and realisation of integrative potential (Walton&McKersie, 1965; Garaudel et al, 2008). While union legitimacy is often regarded as important to this process, it has received little analytical attention in the industrial relations literature. Drawing on Chaison and Bigelow's (2002) application of Suchman's (1995) framework of cognitive, pragmatic and moral legitimacy to the context of unions, our analysis contributes to a theoretical

understanding of the role of different types of legitimacy in the integrative bargaining process. The relationship between legitimacy and bargaining is dynamic, and maintaining union-management relations through integrative bargaining can be challenging. Empirically, the paper has analysed the actual processes of change that make up the interplay between different types of legitimacy and bargaining, and how these processes impact the conduct and outcomes of integrative bargaining. Our findings also reveal the interrelationship between legitimacy and bargaining: legitimacy, therefore, both *impacts* and is *impacted by* bargaining.

The case study findings led to our key theoretical contribution regarding the central significance of cognitive legitimacy for the integrative bargaining process. While Chaison and Bigelow (2002) suggest that cognitive legitimacy is non-existent for unions, in the US case at least, we argue that cognitive legitimacy is a vital precondition to pragmatic and moral legitimacy in the integrative bargaining process. This theoretical contribution advances understanding of integrative bargaining processes, and suggests that developing shared goals between unions and management in employment restructuring cannot proceed without a recognition of cognitive legitimacy.

Cognitive legitimacy is best seen, therefore, as a crucial antecedent to the identification of integrative potential, and interacts with pragmatic and moral legitimacy in attempts to realise integrative potential as the bargaining process evolves. However, cognitive legitimacy is also vulnerable to the dynamics of pragmatic and moral legitimacy, which can be deeply affected by contested bargaining outcomes. At SteelCo, management's apparent gains through the conferment of pragmatic legitimacy on the union presented challenges to, and potentially undermined, the unions' moral legitimacy, most evidently when management sought to exploit the bargaining process to suit their own agendas. Such challenges to union legitimacy strain the bargaining process itself and can ultimately jeopardise the cognitive legitimacy that underpins, and is so central to,

establishing and maintaining integrative approaches to bargaining. While entering integrative bargaining over restructuring may be seen as “doing the right thing”, for unions it can ultimately come at the expense of their moral legitimacy. Thus, integrative bargaining poses a risk for unions as it is not a single moment of compromise but rather involves a gradual, though often negotiated, diminution of union resources attached to their moral legitimacy.

Avenues for future research include organisational level comparisons of legitimacy and bargaining in different comparative contexts, as well as extending consideration of the dynamics between legitimacy and bargaining in distributive bargaining over pay and conditions, or in other bargaining arenas such as workplace changes and the introduction of new technologies. Although we recognise the limitations of a single case study, the longitudinal design allowed for a sensitive appreciation of the unfolding process of integrative bargaining and the dynamics of legitimacy over time. The case suggests the ways in which different types of legitimacy may play out for unions at different stages of ongoing bargaining relations and the potential challenges this may present for union bargaining strategies. The findings also have relevance for integrative bargaining approaches and union-management cooperation in other traditional unionised sectors or in industrial relations systems where unions are more socially embedded.

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Author B1

Author B2

Author C



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**Table 1 – Observation schedule**

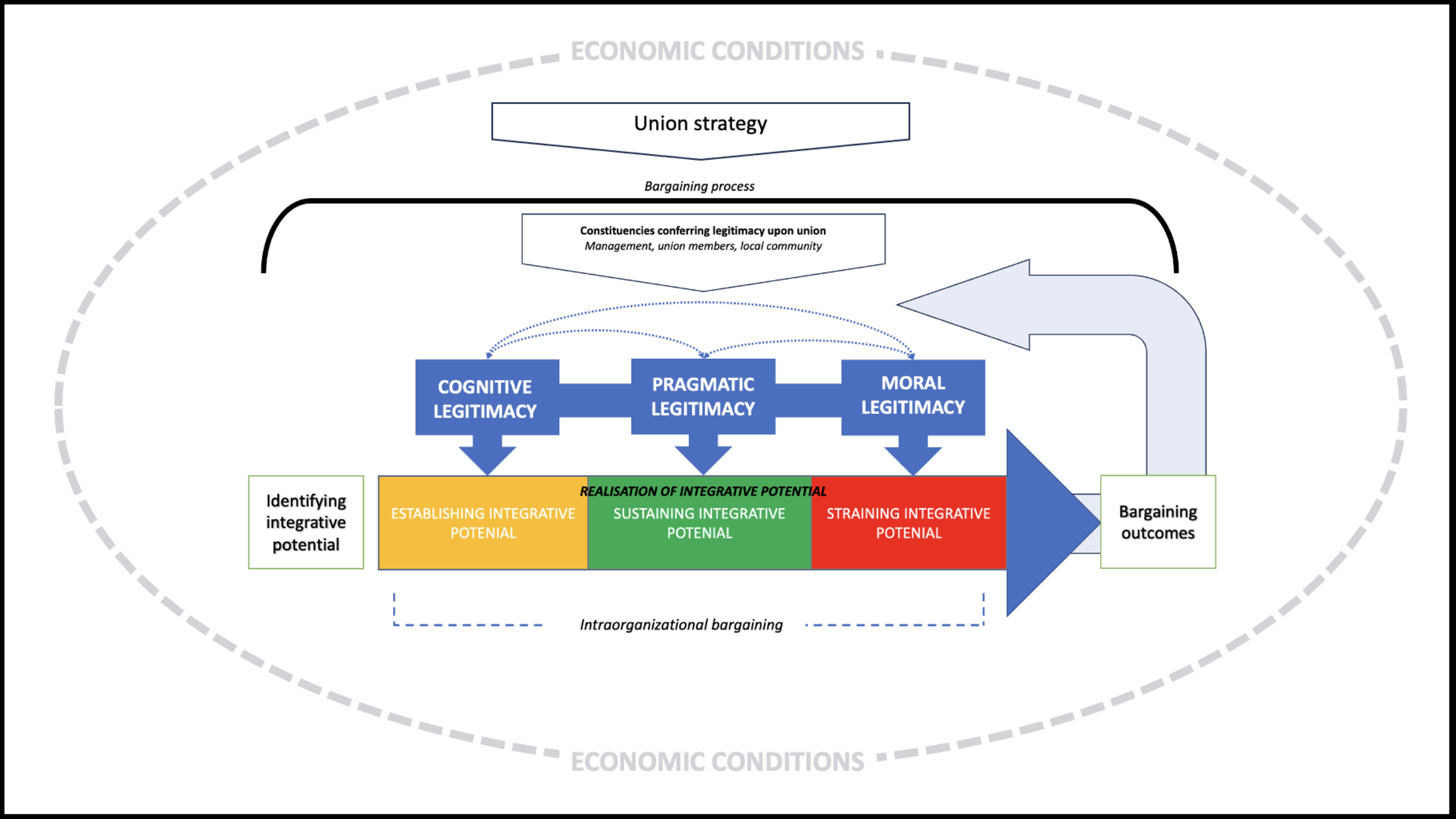
Observations	Description	Attendees
<i><b>Cross-match meetings</b></i>	Weekly meetings in HR offices  Process for managing internal redeployment  Discussions on affected workers and support  <i>10 meetings, 20 hours</i>	HR reps. Senior union officials.
<i><b>Senior governance meetings</b></i>	Monthly meetings in executive offices. Updates on headcount reduction costs and redeployment. <i>5 meetings, 10 hours.</i>	SteelCo managing director, HR director, HR reps senior union officials.
<i><b>Training workshops</b></i>	Three days in learning and development area. TU(A) training services provided CV writing, interview techniques and employability support. <i>15 hours.</i>	Training officers from TU(A) training services  Affected workers.
<i><b>Local union meetings</b></i>	Separate monthly branch meetings for each union. Discussions on general union issues with a focus on restructuring, including severance pay, redeployment, voluntary redundancy and early retirement. <i>25 hours.</i>	Senior union officials, lay representatives from each department. Union members.
<i><b>Other union activities</b></i>	Shadowing senior union officials in	Union officials

Participant group (data index)	Number of interviews	Number of hours of interviews
Affected workers (W)	30	48
HR representatives (HR)	15	17.5
Senior management (SM)	7	10
Trade union officials (TU – A, B, C, D)	8	15
Union training services (UTS)	3	5

	<p>their offices. Observed planning of training</p> <p>dealing with worker grievances and informa</p> <p>discussions with HR and management</p> <p>Attended union charity events and regiona</p> <p>committee meetings. <i>60 hours</i></p>	<p>Affected workers. HR reps</p> <p>and senior management.</p>
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**Table 2 – Summary of interview participants**

Figure 1 – analytical framework



	Cognitive legitimacy	Pragmatic legitimacy	Moral legitimacy
Establishing integrative potential	Mutual recognition as basis for pluralistic integrative bargaining	Management confer pragmatic legitimacy due to perceived utility from unions’ credibility amongst the workforce	Union assumed to “do the right thing” in mitigating the effects of restructuring and building worker-related concerns into the bargaining process
Sustaining integrative potential	Mutual recognition reflected through joint governance and shared roles in restructuring process	Union role in cross-matching, training, communiques and governance meetings facilitates progression of restructuring without industrial action or worker grievances	Union participation in cross-matching, training, communiques and governance meetings demonstrates upholding of workers’ interests
Straining integrative potential	Mutual recognition of roles jeopardised by diminishing moral legitimacy undermining pragmatic legitimacy	Management gains in terms of pragmatic legitimacy further diminishes union moral legitimacy.  Union capacity to lend support undermined by diminished	Union moral legitimacy diminished by member dissatisfaction over conduct of restructuring and intra-organisational tensions

		moral legitimacy potentially  reducing utility of union  involvement	
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**Table 3 – Summary of types of legitimacy across the integrative bargaining process**